

**CITY OF COLUSA,
CALIFORNIA**



**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2025**

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CITY OF COLUSA
Annual Financial Report
For the Year Ended June 30, 2025

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INTRODUCTORY SECTION

- **List of Officials**

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CITY OF COLUSA
List of Officials
For the Year Ended June 30, 2025

City Officials

Daniel Vaca	Mayor
John Ryan Codorniz	Mayor Pro-Tem
Denise Conrado	Member
Julie Garofalo	Member
Greg Ponciano	Member

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FINANCIAL SECTION

- **Independent Auditor's Report**
- **Management's Discussion and Analysis**
- **Basic Financial Statements**
- **Required Supplementary Information**
- **Combining Nonmajor Fund Financial Statements**

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of Colusa
Colusa, California

Report on the Audit of the Financial Statements**Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Colusa, California (City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Honorable Mayor and Members of the City Council
City of Colusa
Colusa, California

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

To the Honorable Mayor and Members of the City Council
City of Colusa
Colusa, California

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, City Pension Plan information, City OPEB Plan information, and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtain during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining nonmajor fund financial statements are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

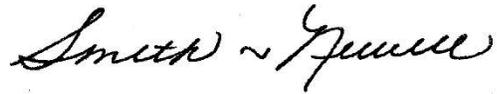
Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

To the Honorable Mayor and Members of the City Council
City of Colusa
Colusa, California

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 20, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.



Smith & Newell CPAs
Yuba City, California
January 20, 2026

**Management's Discussion and Analysis
(Unaudited)**

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CITY OF COLUSA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025

This discussion and analysis of the City of Colusa's (City) financial performance provide an overview of the City's financial activities for the fiscal year ending June 30, 2025. Please read it in conjunction with the accompanying basic financial statements and the notes to the financial statements.

FINANCIAL HIGHLIGHTS

The City's government-wide total assets exceeded liabilities (net position) at the close of the fiscal year by \$40.01 million. Of this amount, \$2.9 million is in unrestricted net position, which is generally available to meet the City's ongoing commitments to citizens and creditors. Net position continues to include recognition of \$9.08 million in net pension liability consistent with the implementation of accounting standards prescribed by Governmental Accounting Standards Board Statement No. 68 (GASB 68). The net position also includes recognition of \$1.03 million in net Other Post-Employment Benefits (OPEB) consistent with the fiscal year 2018-19 implementation of GASB 75.

The City's governmental activities ended the year with a total net position of \$15.04 million. Of this balance, (\$2.96) million (deficit) is unrestricted and available and again includes recognition of net pension liability of \$8.34 million; and \$728,861 in net OPEB liability consistent with GASB 75.

The City's General Fund ended the year with a fund balance of \$2.84 million, of which \$2.7 million is unassigned.

The City's business-type activities ended the year with a total net position of \$25 million. Of this balance, \$5.9 million is unrestricted and available for spending in each of the component business-type activities, \$3.76 million in Water Operations, \$1.98 million in Sewer Operations, and \$170,271 in other enterprise funds. The City has \$1.3 million in capital improvement reserve funds which are not assigned to any specific project.

Completed major capital projects and acquisitions include new technology and equipment for the police and fire departments; five computers, five laptops and seven laptop mounts, bee radar unit kits and two VHF Mobile for the police department; a used fire truck for the fire department; an acquisition of a Vibratory roller, a Raytree Skid Stump Grinder, a Bobcat 60" Skid Pickup Broom, and a Ford F650 Boom Lift truck for the public works department; a dump trailer for the street department and playground equipment in the C.D. Simple Park. Funds were applied towards city-wide roadway and overlay projects, rehabilitation of two wells, and the Scada program for water management. The Water Recycling project was completed, and the next phase of the water recycling project was started. The Walnut Ranch Water and Sewer Connection projects were started in the fiscal year 2023-24 and made major progress in fiscal year 2024-25. The four ductless AC/Heating units were installed in the auditorium. The state park renovation was completed through the grant and purchased the new property for the future police station. The Wescott Road rehabilitation project was started in the fiscal year 2024-25. The City purchased water meters and weather samplers for the water department. Additionally, the state park, water, and sewer departments incurred construction-in-progress expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. These statements include all activities of the City of Colusa using the integrated approach as prescribed by GASB Statement No. 34. The Statement of Net Position and Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services are financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

CITY OF COLUSA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025

GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances. These statements include all assets and liabilities of the City, using the accrual basis of accounting, which is similar to the accounting method used by most private sector companies. As previously discussed, the City continues to recognize throughout the government-wide financial statements the City's net pension liability consistent with GASB 68. Beginning with fiscal year 2018-19, the City also recognizes throughout the government-wide financial statements the City's net OPEB liability consistent with the implementation of GASB 75. All of the current year's revenues and expenses are taken into account regardless of when cash is received.

The Statement of Net Position presents information on all the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as one indicator of whether the City's financial position is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed in the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs. Thus, revenues and expenses are reported on this statement for some items that will result in cash flows in future fiscal periods (i.e., earned but unused vacation leave).

The government-wide financial statements of the City are divided as follows:

Governmental Activities: Most of the City's basic services are included here such as public safety, public works (streets and roads), community development, culture and recreation, and general government. These services are financed by property taxes, sales taxes, federal and state grants, and fees and charges for services.

Business-Type Activities: The City charges fees to customers to cover the costs of services provided. The City's sewer operations, water operations, and solid waste/corporation yard remodel are included in business-type activities.

The government-wide financial statements can be found on pages 13-15 of this report.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State Law or by financial covenants. Management established other funds to control and manage money for particular purposes or to show the City is meeting legal responsibilities for using certain taxes, grants, and other money. All the funds of the City can be classified into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Such information is useful in evaluating a government's near-term financing requirements.

CITY OF COLUSA
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. The Governmental Funds Balance Sheet and Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide reconciliations between governmental funds and governmental activities. These reconciliations explain the relationship (or differences) between the fund statements and the government-wide statements. The basic governmental fund financial statements can be found on pages 16-19 of this report.

Proprietary Funds. The City utilizes enterprise funds (one type of proprietary fund) to account for those activities that are supported primarily by user charges to external users, specifically sewer operations, water operations and the former solid waste/corporation yard remodel activities. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewer, water, and former solid waste/corporation yard remodel activities. The basic proprietary fund financial statements can be found on pages 20-24 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund statements. The notes to the financial statements can be found on pages 25-55 of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Below is a table showing the City’s net position for the fiscal year ended June 30, 2025.

	City of Colusa Net Position						
	Governmental Activities		Business-Type Activities		Total Activities		Total Percentage Change
	2024	2025	2024	2025	2024	2025	
Current and other assets	\$ 12,181,847	\$ 11,547,471	\$ 10,078,904	\$ 9,909,376	\$ 22,260,751	\$ 21,456,847	-3.6%
Capital assets	9,887,365	11,247,631	27,212,793	35,342,742	37,100,158	46,590,373	25.6%
Total Assets	<u>22,069,212</u>	<u>22,795,102</u>	<u>37,291,697</u>	<u>45,252,118</u>	<u>59,360,909</u>	<u>68,047,220</u>	14.6%
Employer pension contributions	3,104,772	2,353,085	473,385	432,039	3,578,157	2,785,124	-22.2%
Employer OPEB contributions	527,367	407,411	195,965	152,235	723,332	559,646	-22.6%
Total Deferred Outflows of Resources	<u>3,632,139</u>	<u>2,760,496</u>	<u>669,350</u>	<u>584,274</u>	<u>4,301,489</u>	<u>3,344,770</u>	-22.2%
Current liabilities	866,485	727,242	532,056	1,995,963	1,398,541	2,723,205	94.7%
Long-term liabilities	9,770,409	9,348,712	19,433,897	18,705,614	29,204,306	28,054,326	-3.9%
Total Liabilities	<u>10,636,894</u>	<u>10,075,954</u>	<u>19,965,953</u>	<u>20,701,577</u>	<u>30,602,847</u>	<u>30,777,531</u>	0.6%
Deferred pension adjustments	451,477	280,562	68,836	51,513	520,313	332,075	-36.2%
Deferred OPEB adjustments	193,029	158,320	87,243	74,590	280,272	232,910	-16.9%
Deferred housing loan payments	2,523,273	-	-	-	2,523,273	-	-100.0%
Total Deferred Inflows of Resources	<u>3,167,779</u>	<u>438,882</u>	<u>156,079</u>	<u>126,103</u>	<u>3,323,858</u>	<u>564,985</u>	-83.0%
Net position							
Invested in capital assets net of related debt	9,789,148	11,167,981	8,867,585	17,793,682	18,656,733	28,961,663	55.2%
Restricted	5,517,874	6,835,992	1,215,930	1,293,430	6,733,804	8,129,422	20.7%
Unrestricted	(3,410,344)	(2,963,211)	7,755,500	5,921,600	4,345,156	2,958,389	-31.9%
Total Net Position	<u>\$ 11,896,678</u>	<u>\$ 15,040,762</u>	<u>\$ 17,839,015</u>	<u>\$ 25,008,712</u>	<u>\$ 29,735,693</u>	<u>\$ 40,049,474</u>	34.7%

As of June 30, 2025, the City’s government-wide total assets exceeded liabilities (net position) by \$40 million. Governmental Activities finished the year with a positive net position balance of \$15 million.

CITY OF COLUSA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025

Business-Type Activities finished the year with a positive balance of \$25 million. Again, as previously discussed, net position continues to include recognition of \$9 million in net pension liability (\$8.3 million in Government Activities and \$740,000 in Business-Type Activities) consistent with the implementation of accounting standards prescribed by Governmental Accounting Standards Board Statement No. 68 (GASB 68). Also, net position includes recognition of \$1.03 million in net OPEB liability (\$728,861 in Governmental Activities and \$302,731 in Business-Type Activities) consistent with the implementation of GASB 75. As noted earlier, net position may serve over time as a useful indicator of the City's financial position.

Of the total net position, \$28.96 million is the City's investment in capital assets (i.e. land, buildings and improvements, machinery and equipment, and the road infrastructure) less any related debt used to acquire those assets still outstanding. In fiscal year 2024-25, the City acquired new technology and equipment for the police and fire departments; the repair and maintenance of the Perilli Building, a network upgrade for the police department, new computers and laptops for the police, a used fire truck for the fire department, acquisition of a Vibratory roller, a Raytree skid stump grinder, a Bobcat 60" skid pickup broom, a Ford F650 Boom Lift truck for the public works department, a dump trailer for the street department, and playground equipment in the C.D. Simple Park. Funds were applied towards city-wide roadway and overlay projects, rehabilitation of two wells, and the Scada program for water management. The Water Recycling project was completed, and the next phase of the water recycling project was started. The Walnut Ranch Water and Sewer Connection projects made significant progress in the fiscal year 2024-25. The four ductless AC/Heating units were installed in the auditorium. The state park renovation was completed through the grant and purchased the new property for the future police station. The Wescott Road rehabilitation project was started.

The City's long-term liabilities include debt incurred to finance certain improvements to the City's wastewater treatment system and pump station and the expansion of the wastewater treatment plant. Long-term liabilities also include outstanding capital lease payments to be made towards a mower, compensated absences payable, net Other Postemployment Benefits (OPEB), and CalPERS Pension obligations. Descriptions of these long-term liabilities can be found in notes 7, 8, 11 and 12 of the notes to the basic financial statements.

The restricted net position amounts to \$8.13 million, or 20.29 percent of total net position. Restricted net position includes those resources that are subject to external restrictions on how they may be used. These restrictions are established by financial covenants or restrictions on the use of funds by state or federal regulations.

Unrestricted net position represents those resources which may be used to meet the City's ongoing commitments to citizens and creditors. Total unrestricted net position is \$2.95 million or 7.38 percent of total net position. Governmental Activities account for a deficit position of (\$2.96) million of total unrestricted net position. Business-Type Activities account for \$5.9 million of the total unrestricted net position. The City can use unrestricted net position of the sewer operations, water operations, and former solid waste/corporation yard remodel funds to finance their continuing operations. Unrestricted net position in governmental activities increased by \$447,133 primarily due to an increase in salaries and benefits and an increase in pension liabilities and deferred inflows of resources including certain payables and deferred payments on HOME/CDBG loans.

NET POSITION

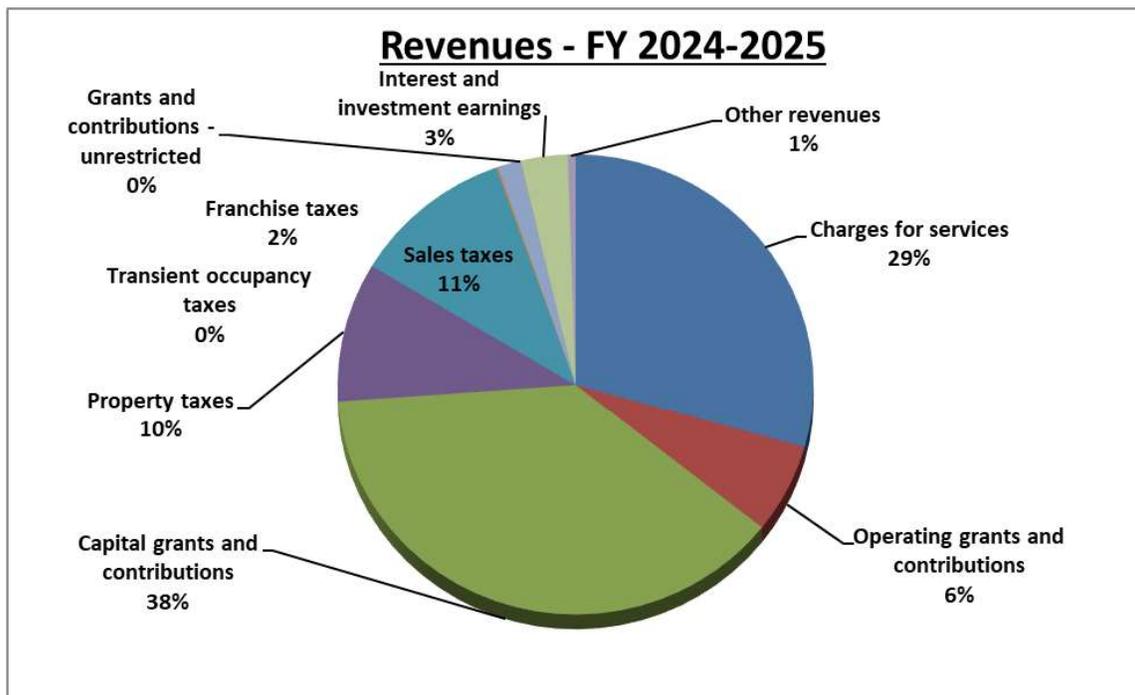
Governmental Activities account for \$15.04 million or 38 percent of the total government-wide net position. Business-Type Activities account for \$25 million or 62 percent of total government-wide net position. The following tables and graphs list key components (revenues and expenditures) of net position and highlight

**CITY OF COLUSA
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025**

the changes between fiscal year 2023-24 and fiscal year 2024-25 for both Governmental Activities and Business-Type Activities:

City of Colusa
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Activities		Total Percentage Change
	2024	2025	2024	2025	2024	2025	
Revenues							
<i>Program Revenues</i>							
Charges for services	\$ 1,001,813	\$ 1,612,578	\$ 4,950,549	\$ 4,964,111	\$ 5,952,362	\$ 6,576,689	10.5%
Operating grants and contributions	924,972	1,409,863	-	-	924,972	1,409,863	52.4%
Capital grants and contributions	2,018,806	366,955	-	8,176,798	2,018,806	8,543,753	323.2%
<i>General Revenues</i>							
Property taxes	2,057,261	2,188,275	-	-	2,057,261	2,188,275	6.4%
Sales taxes	2,854,046	2,453,384	-	-	2,854,046	2,453,384	-14.0%
Transient occupancy taxes	31,339	26,843	-	-	31,339	26,843	-14.3%
Franchise taxes	284,971	342,145	-	-	284,971	342,145	20.1%
Grants and contributions - unrestricted	285,202	10,165	433,779	-	718,981	10,165	-98.6%
Interest and investment earnings	307,530	340,522	23,146	372,891	330,676	713,413	115.7%
Other revenues	(2,867)	113,081	-	5,029	(2,867)	118,110	-4219.6%
Total Revenues	\$ 9,763,073	\$ 8,863,811	\$ 5,407,474	\$ 13,518,829	\$ 15,170,547	\$ 22,382,640	47.5%



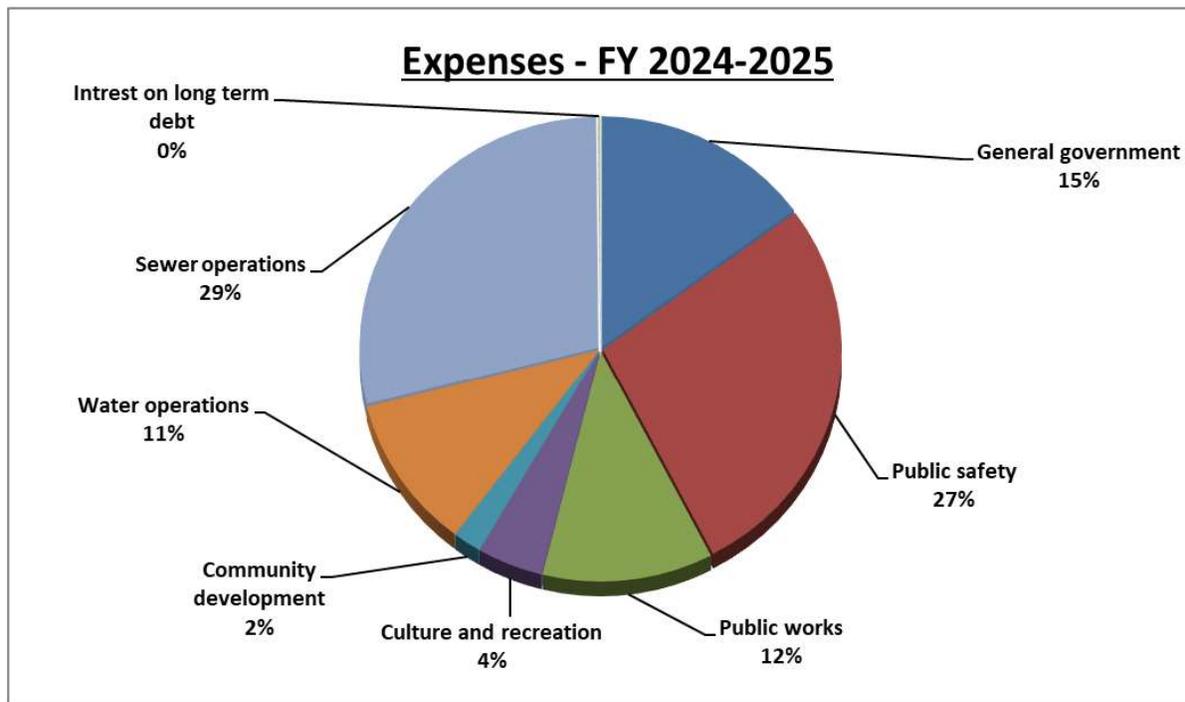
Total Governmental Activities revenues for fiscal year 2024-25 were \$9.5 million, a decrease of \$774,074 or 7.5 percent when compared to fiscal year 2023-24. The net decrease is due to the reduction in sales tax and the payback of revenue was collected before. There is a slight increase in property tax and other taxes but the repayment of sales tax and having the grant money in prior year resulted the net decrease in revenue for FY 2024-25.

Total Business-Type Activities revenues for fiscal year 2024-25 were \$12.83 million, an increase of \$7.9 million when compared to fiscal year 2023-24. The net investment can be primarily attributed to capital grants and contributions for water and sewer projects received in FY 2024-25. The salary transfer of \$688,355 to the general fund was subtracted from the revenue.

**CITY OF COLUSA
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025**

City of Colusa
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Activities		Total Percentage Change
	2024	2025	2024	2025	2024	2025	
Expenses							
General government	\$ 1,860,038	\$ 2,163,589	\$ -	\$ -	\$ 1,860,038	\$ 2,163,589	16.3%
Public safety	3,456,695	3,994,071	-	-	3,456,695	3,994,071	15.5%
Public works	1,634,075	1,677,896	-	-	1,634,075	1,677,896	2.7%
Culture and recreation	702,396	647,992	-	-	702,396	647,992	-7.7%
Community development	150,390	278,202	-	-	150,390	278,202	85.0%
Water operations	-	-	1,135,891	1,563,264	1,135,891	1,563,264	37.6%
Sewer operations	-	-	4,095,861	4,184,868	4,095,861	4,184,868	2.2%
Interest on long term debt	19,451	23,381	-	-	19,451	23,381	20.2%
Total Expenses	7,823,045	8,785,131	5,231,752	5,748,132	13,054,797	14,533,263	11.3%
Excess (deficiency) before transfers	1,940,028	78,680	175,722	7,770,697	2,115,750	7,849,377	271.0%
Transfers	563,167	688,355	(563,167)	(688,355)	-	-	0.0%
Change in net position	2,503,195	767,035	(387,445)	7,082,342	2,115,750	7,849,377	271.0%
Net Position - Beginning of year	9,393,483	11,896,678	18,226,460	17,839,015	27,619,943	29,735,693	7.7%
Prior Period Adjustment	-	2,395,414	-	105,719	-	2,501,133	
Change in Accounting Principle	-	(18,365)	-	(18,364)	-	(36,729)	
Net Position - Beginning of year as restated	9,393,483	14,273,727	18,226,460	17,926,370	27,619,943	32,200,097	
Net Position - End of year	\$ 11,896,678	\$ 15,040,762	\$ 17,839,015	\$ 25,008,712	\$ 29,735,693	\$ 40,049,474	34.7%



Total Governmental Activities expenses for the fiscal year 2024-25 were \$8.7 million, an increase of \$ 965,086 or 12.29 percent when compared to the fiscal year 2023-24. The main reason for the increase is salaries and benefits. Several elements contributed to the increase in expenses inflation, new recreational activities, an increase in unfunded liability, liability insurance, and health insurance expenditure. The city purchased the Perili building in FY 2023-24 and paid the building maintenance in FY 2024-25

Total Business-Type Activities expenses for fiscal year 2024-25 were \$5.74 million, an increase of \$516,380 or 9.87 percent when compared to fiscal year 2023-24. The increase in expenses is due to the salaries & benfits, inflation, application cost of water recycle grant and increase in pension liabilities.

**CITY OF COLUSA
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025**

Total government-wide net position increased by \$10.31 million from fiscal year 2023-24 to fiscal year 2024-25. Of this amount, governmental activities net position increased by \$3.14 million while business-type net position increased by \$7.17 million.

FINANCIAL ANALYSIS OF THE CITY’S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. All of the City’s governmental funds, with the exception of certain grant-related funds for which reimbursement is ultimately anticipated (Traffic Safety and State Park Fund) ended the year with positive fund balances. The ending fund balance for all governmental funds is \$10.78 million. Of the total fund balance, \$1.86 million is unassigned, which is available for spending at the City’s discretion. See the notes to the financial statements, note 10, for a more in depth discussion of fund balance designations.

The General fund is the chief operating fund of the City. As of June 30, 2025, the total fund balance of the General fund was \$2.8 million, all of which is unassigned \$104,619 is nonspendable for prepaid insurance and the remaining balance is unassigned.

Total governmental expenditures exceeded total revenue, excluding other financing sources/uses, by \$1.19 million .

Proprietary Funds. The City’s sewer operations, water operations, and former solid waste/corporation yard remodel funds ended the year with positive unrestricted net position. The vast majority of the unrestricted net position in the City’s proprietary funds is available for ongoing operations and capital activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General fund budgetary comparison schedule is shown on page 62 of this report. Significant changes to the original budgeted revenues included higher budgeted collections of taxes, and assessments and charges for services. Significant changes to originally budgeted expenditures included increased staffing and services costs primarily in the general government and public safety and community development budgets. The budgeted deficit of \$430,582 in fund balance during fiscal year 2024-25 was primarily salary and benefit increase.

CAPITAL ASSETS AND DEBT ADMINISTRATION

City of Colusa
Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total Activities	
	2024	2025	2024	2025	2024	2025
Land	\$ 171,520	\$ 306,947	\$ 5,860,839	\$ 5,860,839	\$ 6,032,359	\$ 6,167,786
Construction in progress	-	559,560	1,947,003	11,829,966	1,947,003	12,389,526
Infrastructure	1,133,174	2,291,904	95,872	83,269	1,229,046	2,375,173
Structures and improvements	7,134,628	6,768,678	18,377,792	16,865,754	25,512,420	23,634,432
Equipment and vehicles	1,400,933	1,288,176	931,287	702,914	2,332,220	1,991,090
Software	47,110	32,366	-	-	47,110	32,366
Totals	<u>\$ 9,887,365</u>	<u>\$ 11,247,631</u>	<u>\$ 27,212,793</u>	<u>\$ 35,342,742</u>	<u>\$ 37,100,158</u>	<u>\$ 46,590,373</u>

CITY OF COLUSA
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025

Completed major capital projects and acquisitions include new technology and equipment for the police and fire departments; a new rescue pumper for the fire department; funds applied towards city-wide roadway and overlay projects; rebuild and infrastructure for the sewer department, the acquisition and maintenance of the Perilli Building, a network upgrade, computers and laptops for the police department, purchase of a Vibratory roller, a Raytree skid stump grinder, a Bobcat 60” skid pickup broom, a Ford F650 Boom Lift truck for the public works department, a dump trailer for the street department, and playground equipment in the C.D. Simple Park. Funds were applied towards city-wide roadway and overlay projects, rehabilitation of two wells, and the Scada program for water management. The Water Recycling projects and the Walnut Ranch Water and Sewer Connection projects made significant progress in Year 2024-25. The four ductless AC/Heating units were installed in the auditorium. The state park renovation was completed through the grant and purchased the new property for the future police station.

Additional information on the City’s capital assets can be found in note 4 of the Notes to Basic Financial Statements on page 37 and 38 of this report.

Long-Term Debt. The City’s long-term debt as of June 30, 2025, was \$20.95 million and includes \$17.54 million in loans related to improvements made to the City’s wastewater treatment facility, \$9.08 million in the net pension liability, and \$1.03 million in net OPEB liability. Additional information on the City’s long-term debt can be found in Note 7 of the Notes to Basic Financial Statements on pages 40 and 41 of this report.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

The City anticipates no significant increase in revenue from property tax and projected \$1.12 million from measure B sales tax and an increase of \$100,000 in General fund revenues and expenditures, respectively, in fiscal year 2024-25 (adopted budget) when compared to the revised budgeted amounts for the fiscal year 2024-25 in a result of salary increase and new hires. Another \$300,000 will be funded through the Prop. 64 grant. The City purchased the Perli building for \$3.3 million in August 2024, which \$1.5 million was paid through the HCD grant and \$1.7 million borrowed from the enterprise funds (water and sewer). The building has utility expenses and requires maintenance in FY 2024-25. The General fund budget anticipates activity levels similar to those experienced in fiscal year 2024-25 with particular attention being placed on expected increases in personnel costs due to salary increases, and due to rising CalPERS retirement costs and increase in health insurance. The City started Walnut Ranch Water and Sewer Projects in fiscal year 2024-25 and will be completed in fiscal year 2025-26. The Water Recycle next phase project is also underway, as well as the Wescott Road rehabilitation project. Another significant project is the signal light on Highway 20 and Wescott road. The City committed to reimburse The Colusa Town and Country (Amer Cheema owner) \$1.21 million out of the cost and approve the loan for up to \$2.5 million for four years at 10% APR towards the development of a traffic signal. The City continues to maintain a watchful eye on future impacts of cost drivers associated with increasing CalPERS retirement premiums and other costs related to implementing future memoranda of understanding and contracts related to the City’s labor force. The City will work on controlling the personnel and operational cost strategically to balance the fiscal year 2025-26 budget.

CONTACTING THE CITY’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City of Colusa’s finances and to demonstrate the City’s accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Finance Department, City of Colusa, 425 Webster Street, Colusa, CA, 95932.

Basic Financial Statements

- **Government-Wide Financial Statements**

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CITY OF COLUSA
Statement of Net Position
June 30, 2025

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and investments	\$ 9,002,502	\$ 3,890,631	\$ 12,893,133
Receivables:			
Accounts	267,272	69,921	337,193
Interest	74,663	43,486	118,149
Taxes	624,933	-	624,933
Intergovernmental	332,573	4,266,440	4,599,013
Prepaid insurance	104,619	-	104,619
Internal balances	(1,638,898)	1,638,898	-
Loans receivable	2,779,807	-	2,779,807
Capital assets:			
Non-depreciable	866,507	17,690,805	18,557,312
Depreciable, net	10,381,124	17,651,937	28,033,061
Total capital assets	<u>11,247,631</u>	<u>35,342,742</u>	<u>46,590,373</u>
Total Assets	<u>22,795,102</u>	<u>45,252,118</u>	<u>68,047,220</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension adjustments	2,353,085	432,039	2,785,124
Deferred OPEB adjustments	407,411	152,235	559,646
Total Deferred Outflows of Resources	<u>2,760,496</u>	<u>584,274</u>	<u>3,344,770</u>
LIABILITIES			
Accounts payable	481,631	1,148,039	1,629,670
Retentions payable	-	748,466	748,466
Salaries and benefits payable	34,099	300	34,399
Unearned revenue	211,512	-	211,512
Interest payable	-	99,158	99,158
Long-term liabilities:			
Due within one year	114,848	856,730	971,578
Due in more than one year	161,899	16,799,419	16,961,318
Net pension liability	8,343,104	746,734	9,089,838
Net OPEB liability	728,861	302,731	1,031,592
Total Liabilities	<u>10,075,954</u>	<u>20,701,577</u>	<u>30,777,531</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension adjustments	280,562	51,513	332,075
Deferred OPEB adjustments	158,320	74,590	232,910
Total Deferred Inflows of Resources	<u>438,882</u>	<u>126,103</u>	<u>564,985</u>

The notes to the basic financial statements are an integral part of this statement.

Continued (Page 1 of 2)

CITY OF COLUSA
Statement of Net Position
June 30, 2025

	Governmental Activities	Business-Type Activities	Totals
NET POSITION			
Net investment in capital assets	11,167,981	17,793,682	28,961,663
Restricted for:			
General government	226,411	-	226,411
Public safety	3,215,789	-	3,215,789
Public works	1,944,824	-	1,944,824
Culture and recreation	769,938	-	769,938
Community development	679,030	-	679,030
Debt service	-	1,293,430	1,293,430
Unrestricted	(2,963,211)	5,921,600	2,958,389
Total Net Position	\$ 15,040,762	\$ 25,008,712	\$ 40,049,474

The notes to the basic financial statements are an integral part of this statement.

Continued (Page 2 of 2)

CITY OF COLUSA
Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 2,163,589	\$ 240,510	\$ -	\$ -
Public safety	3,994,071	986,809	558,837	-
Public works	1,677,896	74,981	774,843	366,955
Culture and recreation	647,992	253,049	-	-
Community development	278,202	57,229	76,183	-
Interest on long-term debt	23,381	-	-	-
Total Governmental Activities	8,785,131	1,612,578	1,409,863	366,955
Business-type activities:				
Water operations	1,563,264	1,505,240	-	1,357,866
Sewer operations	4,184,868	3,458,871	-	6,818,932
Total Business-Type Activities	5,748,132	4,964,111	-	8,176,798
Total	\$ 14,533,263	\$ 6,576,689	\$ 1,409,863	\$ 8,543,753

General Revenues and Transfers:

Taxes:

 Property taxes

 Sales and use taxes

 Transient occupancy taxes

 Franchise taxes

Grants and contributions - unrestricted

Interest and investment earnings

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Change in accounting principle

Prior period adjustment

Total Net Position - Beginning, Restated

Net Position - Ending

The notes to the basic financial statements are an integral part of this statement.

**Net (Expense) Revenue and
Changes in Net Position**

Governmental Activities	Business- Type Activities	Totals
\$ (1,923,079)	\$ -	\$ (1,923,079)
(2,448,425)	-	(2,448,425)
(461,117)	-	(461,117)
(394,943)	-	(394,943)
(144,790)	-	(144,790)
(23,381)	-	(23,381)
<u>(5,395,735)</u>	<u>-</u>	<u>(5,395,735)</u>
-	1,299,842	1,299,842
-	6,092,935	6,092,935
<u>-</u>	<u>7,392,777</u>	<u>7,392,777</u>
<u>(5,395,735)</u>	<u>7,392,777</u>	<u>1,997,042</u>
2,188,275	-	2,188,275
2,453,384	-	2,453,384
26,843	-	26,843
342,145	-	342,145
10,165	-	10,165
340,522	372,891	713,413
113,081	5,029	118,110
688,355	(688,355)	-
<u>6,162,770</u>	<u>(310,435)</u>	<u>5,852,335</u>
<u>767,035</u>	<u>7,082,342</u>	<u>7,849,377</u>
11,896,678	17,839,015	29,735,693
(18,365)	(18,364)	(36,729)
2,395,414	105,719	2,501,133
<u>14,273,727</u>	<u>17,926,370</u>	<u>32,200,097</u>
<u>\$ 15,040,762</u>	<u>\$ 25,008,712</u>	<u>\$ 40,049,474</u>

The notes to the basic financial statements are an integral part of this statement.

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Basic Financial Statements

- **Fund Financial Statements**

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CITY OF COLUSA
Balance Sheet
Governmental Funds
June 30, 2025

	General Fund	CDBG Program Income	Other Governmental Funds	Totals
ASSETS				
Cash and investments	\$ 3,026,957	\$ 289,273	\$ 5,686,272	\$ 9,002,502
Receivables:				
Accounts	181,938	-	85,334	267,272
Interest	29,251	2,355	43,057	74,663
Taxes	624,933	-	-	624,933
Intergovernmental	12,313	-	320,260	332,573
Due from other funds	1,108,168	-	-	1,108,168
Prepaid insurance	104,619	-	-	104,619
Loans receivable	-	1,660,979	1,118,828	2,779,807
Total Assets	\$ 5,088,179	\$ 1,952,607	\$ 7,253,751	\$ 14,294,537
LIABILITIES				
Accounts payable	\$ 358,732	\$ -	\$ 122,899	\$ 481,631
Salaries and benefits payable	34,099	-	-	34,099
Advances from other funds	1,638,898	-	-	1,638,898
Due to other funds	-	-	1,108,168	1,108,168
Unearned revenue	208,599	-	2,913	211,512
Total Liabilities	2,240,328	-	1,233,980	3,474,308
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	31,878	31,878
Total Deferred Inflows of Resources	-	-	31,878	31,878
FUND BALANCES				
Nonspendable	104,619	-	-	104,619
Restricted	-	1,952,607	6,867,020	8,819,627
Unassigned	2,743,232	-	(879,127)	1,864,105
Total Fund Balances	2,847,851	1,952,607	5,987,893	10,788,351
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 5,088,179	\$ 1,952,607	\$ 7,253,751	\$ 14,294,537

The notes to the basic financial statements are an integral part of this statement.

CITY OF COLUSA
Reconciliation of the Governmental Funds Balance
Sheet to the Government-Wide Statement of
Net Position - Governmental Activities
June 30, 2025

Total Fund Balances - Total Governmental Funds	\$ 10,788,351
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds Balance Sheet.	11,247,631
Other long-term assets are not available to pay for current period expenditures and therefore are reported as unavailable revenues in the governmental funds.	31,878
Deferred outflows of resources related to pension and OPEB are not reported in the governmental funds.	2,760,496
Deferred inflows of resources related to pension and OPEB are not reported in the governmental funds.	(438,882)
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	
Compensated absences	(197,097)
Financed purchases	(79,650)
Net pension liability	(8,343,104)
Net OPEB liability	(728,861)
Net Position of Governmental Activities	<u><u>\$ 15,040,762</u></u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF COLUSA
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	General Fund	CDBG Program Income	Other Governmental Funds	Totals
REVENUES				
Taxes and assessments	\$ 4,983,781	\$ -	\$ 482,498	\$ 5,466,279
Licenses and permits	227,804	-	182,609	410,413
Fines and forfeitures	16,575	-	3,367	19,942
Use of money	145,795	9,324	185,403	340,522
Intergovernmental	379,434	-	1,330,884	1,710,318
Program income	-	37,702	36,463	74,165
Charges for services	127,295	-	573,978	701,273
Other revenues	26,212	-	86,869	113,081
Total Revenues	5,906,896	47,026	2,882,071	8,835,993
EXPENDITURES				
Current:				
General government	1,781,678	-	202,282	1,983,960
Public safety	2,918,969	-	672,683	3,591,652
Public works	467,067	-	687,121	1,154,188
Culture and recreation	440,656	-	143,566	584,222
Community development	225,420	-	44,551	269,971
Debt service:				
Principal	8,355	-	10,212	18,567
Interest and other charges	20,096	-	3,285	23,381
Capital outlay	1,518,448	-	891,399	2,409,847
Total Expenditures	7,380,689	-	2,655,099	10,035,788
Excess of Revenues Over (Under) Expenditures	(1,473,793)	47,026	226,972	(1,199,795)
OTHER FINANCING SOURCES (USES)				
Transfers in	912,321	-	-	912,321
Transfers out	-	(2,505)	(221,461)	(223,966)
Total Other Financing Sources (Uses)	912,321	(2,505)	(221,461)	688,355
Net Change in Fund Balances	(561,472)	44,521	5,511	(511,440)
Fund Balances - Beginning	3,409,323	270,443	5,108,263	8,788,029
Prior Period Adjustment	-	1,637,643	874,119	2,511,762
Fund Balances - Beginning, Restated	3,409,323	1,908,086	5,982,382	11,299,791
Fund Balances - Ending	\$ 2,847,851	\$ 1,952,607	\$ 5,987,893	\$ 10,788,351

The notes to the basic financial statements are an integral part of this statement.

CITY OF COLUSA
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities - Governmental Activities
For the Year Ended June 30, 2025

Net Change in Fund Balances - Total Governmental Funds \$ (511,440)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital outlay	2,409,847
Less current year depreciation	(933,233)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Principal retirements	18,567
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Some revenues reported in the Statement of Activities will not be collected for several months after the City's year end and do not provide current financial resources and therefore are not reported as revenues in the governmental funds.

Change in unavailable revenues	27,818
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Certain changes in deferred outflows and deferred inflows of resources reported in the Statement of Activities relate to long-term liabilities and are not reported in the governmental funds.

Changes in deferred outflows of resources related to pension	(751,687)
Changes in deferred outflows of resources related to OPEB	(119,956)
Changes in deferred inflows of resources related to pension	170,915
Changes in deferred inflows of resources related to OPEB	34,709

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Change in compensated absences	6,128
Change in net pension liability	235,332
Change in net OPEB liability	180,035

Change in Net Position of Governmental Activities \$ 767,035

The notes to the basic financial statements are an integral part of this statement.

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CITY OF COLUSA
Statement of Net Position
Proprietary Funds
June 30, 2025

	Business-Type Activities - Enterprise Funds				Totals
	Major Funds			Nonmajor	
	Water Operations	Sewer Operations	WWTP - Capital Res	Solid Waste Operations	
ASSETS					
Current Assets:					
Cash and investments	\$ 2,593,769	\$ -	\$ 1,127,962	\$ 168,900	\$ 3,890,631
Receivables:					
Accounts	17,953	51,968	-	-	69,921
Interest	23,794	18,321	-	1,371	43,486
Intergovernmental	869,166	3,397,274	-	-	4,266,440
Due from other funds	-	-	165,468	-	165,468
Total Current Assets	3,504,682	3,467,563	1,293,430	170,271	8,435,946
Noncurrent Assets:					
Advances to other funds	819,449	819,449	-	-	1,638,898
Capital assets:					
Non-depreciable	1,880,249	15,810,556	-	-	17,690,805
Depreciable, net	2,282,438	15,369,499	-	-	17,651,937
Total capital assets	4,162,687	31,180,055	-	-	35,342,742
Total Noncurrent Assets	4,982,136	31,999,504	-	-	36,981,640
Total Assets	8,486,818	35,467,067	1,293,430	170,271	45,417,586
DEFERRED OUTFLOWS OF RESOURCES					
Deferred pension adjustments	199,072	232,967	-	-	432,039
Deferred OPEB adjustments	66,256	85,979	-	-	152,235
Total Deferred Outflows of Resources	265,328	318,946	-	-	584,274
LIABILITIES					
Current Liabilities:					
Accounts payable	100,820	1,047,219	-	-	1,148,039
Retentions payable	150,874	597,592	-	-	748,466
Salaries and benefits payable	-	300	-	-	300
Interest payable	-	99,158	-	-	99,158
Due to other funds	-	165,468	-	-	165,468
Compensated absences	19,060	25,414	-	-	44,474
Loans payable	-	812,256	-	-	812,256
Total Current Liabilities	270,754	2,747,407	-	-	3,018,161

The notes to the basic financial statements are an integral part of this statement.

Continued (Page 1 of 2)

CITY OF COLUSA
Statement of Net Position
Proprietary Funds
June 30, 2025

	Business-Type Activities - Enterprise Funds				Totals
	Major Funds			Nonmajor	
	Water Operations	Sewer Operations	WWTP - Capital Res	Solid Waste Operations	
Noncurrent Liabilities:					
Compensated absences	29,981	32,634	-	-	62,615
Loans payable	-	16,736,804	-	-	16,736,804
Net pension liability	344,075	402,659	-	-	746,734
Net OPEB liability	127,799	174,932	-	-	302,731
Total Noncurrent Liabilities	501,855	17,347,029	-	-	17,848,884
Total Liabilities	772,609	20,094,436	-	-	20,867,045
DEFERRED INFLOWS OF RESOURCES					
Deferred pension adjustments	23,736	27,777	-	-	51,513
Deferred OPEB adjustments	29,943	44,647	-	-	74,590
Total Deferred Inflows of Resources	53,679	72,424	-	-	126,103
NET POSITION					
Net investment in capital assets	4,162,687	13,630,995	-	-	17,793,682
Restricted for debt service	-	-	1,293,430	-	1,293,430
Unrestricted	3,763,171	1,988,158	-	170,271	5,921,600
Total Net Position	\$ 7,925,858	\$ 15,619,153	\$ 1,293,430	\$ 170,271	\$ 25,008,712

The notes to the basic financial statements are an integral part of this statement.

Continued (Page 2 of 2)

CITY OF COLUSA
Statement of Revenues, Expenses and
Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2025

	Business-Type Activities - Enterprise Funds				Totals
	Major Funds			Nonmajor	
	Water Operations	Sewer Operations	WWTP - Capital Res	Solid Waste Operations	
OPERATING REVENUES					
Charges for services	\$ 1,505,240	\$ 3,458,871	\$ -	\$ -	\$ 4,964,111
Other revenue	-	514	-	4,515	5,029
Total Operating Revenues	<u>1,505,240</u>	<u>3,459,385</u>	<u>-</u>	<u>4,515</u>	<u>4,969,140</u>
OPERATING EXPENSES					
Salaries and benefits	404,915	611,834	-	-	1,016,749
Office expense	231,000	305,065	-	-	536,065
Insurance	151,412	151,412	-	-	302,824
Utilities	188,953	430,256	-	-	619,209
Supplies and tools	-	83,374	-	-	83,374
Maintenance and repair	87,980	91,514	-	-	179,494
Professional services	289,690	201,399	-	-	491,089
Depreciation	209,314	1,974,392	-	-	2,183,706
Total Operating Expenses	<u>1,563,264</u>	<u>3,849,246</u>	<u>-</u>	<u>-</u>	<u>5,412,510</u>
Operating Income (Loss)	<u>(58,024)</u>	<u>(389,861)</u>	<u>-</u>	<u>4,515</u>	<u>(443,370)</u>
NON-OPERATING REVENUE (EXPENSES)					
Interest income	117,200	250,206	-	5,485	372,891
Interest expense	-	(335,622)	-	-	(335,622)
Total Non-Operating Revenue (Expenses)	<u>117,200</u>	<u>(85,416)</u>	<u>-</u>	<u>5,485</u>	<u>37,269</u>
Income (Loss) Before Contributions and Transfers	<u>59,176</u>	<u>(475,277)</u>	<u>-</u>	<u>10,000</u>	<u>(406,101)</u>
Capital contributions	1,357,866	6,818,932	-	-	8,176,798
Transfers in	-	-	77,500	-	77,500
Transfers out	(337,516)	(428,339)	-	-	(765,855)
Change in Net Position	<u>1,079,526</u>	<u>5,915,316</u>	<u>77,500</u>	<u>10,000</u>	<u>7,082,342</u>
Total Net Position - Beginning	6,855,514	9,607,300	1,215,930	160,271	17,839,015
Change in accounting principle	(9,182)	(9,182)	-	-	(18,364)
Prior period adjustment	-	105,719	-	-	105,719
Total Net Position - Beginning, Restated	<u>6,846,332</u>	<u>9,703,837</u>	<u>1,215,930</u>	<u>160,271</u>	<u>17,926,370</u>
Total Net Position - Ending	<u>\$ 7,925,858</u>	<u>\$ 15,619,153</u>	<u>\$ 1,293,430</u>	<u>\$ 170,271</u>	<u>\$ 25,008,712</u>

The notes to the basic financial statements are an integral part of this statement.

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CITY OF COLUSA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

	Business-Type Activities - Enterprise Funds				Totals
	Major Funds			Nonmajor	
	Water Operations	Sewer Operations	WWTP - Capital Res	Solid Waste Operations	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 1,525,005	\$ 3,484,348	\$ -	\$ 7,216	\$ 5,016,569
Payments to suppliers	(925,548)	(565,700)	-	-	(1,491,248)
Payments to employees	(349,007)	(562,843)	-	-	(911,850)
Net Cash Provided (Used) by Operating Activities	<u>250,450</u>	<u>2,355,805</u>	<u>-</u>	<u>7,216</u>	<u>2,613,471</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Intergovernmental revenue received	488,700	3,421,658	-	-	3,910,358
Advances to other funds	(819,449)	(819,449)	-	-	(1,638,898)
Advances from other funds	836,961	836,961	-	-	1,673,922
Interfund loans received	-	165,468	-	-	165,468
Interfund loans repaid	-	-	(165,468)	-	(165,468)
Transfers from other funds	-	-	77,500	-	77,500
Transfers to other funds	(337,516)	(428,339)	-	-	(765,855)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>168,696</u>	<u>3,176,299</u>	<u>(87,968)</u>	<u>-</u>	<u>3,257,027</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(1,680,095)	(7,787,640)	-	-	(9,467,735)
Various capital asset adjustments	8,266	-	-	-	8,266
Principal paid on debt	-	(796,148)	-	-	(796,148)
Interest paid on debt	-	(341,288)	-	-	(341,288)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,671,829)</u>	<u>(8,925,076)</u>	<u>-</u>	<u>-</u>	<u>(10,596,905)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	120,031	263,754	-	5,211	388,996
Net Cash Provided (Used) by Investing Activities	<u>120,031</u>	<u>263,754</u>	<u>-</u>	<u>5,211</u>	<u>388,996</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,132,652)	(3,129,218)	(87,968)	12,427	(4,337,411)
Balances - Beginning	<u>3,726,421</u>	<u>3,129,218</u>	<u>1,215,930</u>	<u>156,473</u>	<u>8,228,042</u>
Balances - Ending	<u>\$ 2,593,769</u>	<u>\$ -</u>	<u>\$ 1,127,962</u>	<u>\$ 168,900</u>	<u>\$ 3,890,631</u>

The notes to the basic financial statements are an integral part of this statement.

Continued (Page 1 of 2)

CITY OF COLUSA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

	Business-Type Activities - Enterprise Funds				Totals
	Major Funds			Nonmajor	
	Water Operations	Sewer Operations	WWTP - Capital Res	Solid Waste Operations	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ (58,024)	\$ (389,861)	\$ -	\$ 4,515	\$ (443,370)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	209,314	1,974,392	-	-	2,183,706
Decrease (increase) in:					
Accounts receivable	19,765	24,963	-	2,701	47,429
Deferred outflows - pension adjustments	4,535	36,811	-	-	41,346
Deferred outflows - OPEB adjustments	18,580	25,150	-	-	43,730
Increase (decrease) in:					
Accounts payable	23,487	697,320	-	-	720,807
Salaries and benefits payable	-	300	-	-	300
Compensated absences	3,680	6,017	-	-	9,697
Net pension liability	68,246	37,188	-	-	105,434
Net OPEB liability	(27,886)	(37,746)	-	-	(65,632)
Deferred inflows - pension adjustments	(5,871)	(11,452)	-	-	(17,323)
Deferred inflows - OPEB adjustments	(5,376)	(7,277)	-	-	(12,653)
Net Cash Provided (Used) by Operating Activities	\$ 250,450	\$ 2,355,805	\$ -	\$ 7,216	\$ 2,613,471

The notes to the basic financial statements are an integral part of this statement.

Continued (Page 2 of 2)

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Basic Financial Statements

- **Notes to Basic Financial Statements**

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CITY OF COLUSA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Colusa was incorporated in 1868, under the laws and regulations of the State of California. The City operates under a Council-Manager form of government and provides the following services: public safety, highways and streets, culture and recreation, public improvements, planning and zoning, general administrative services, water, sewer and solid waste.

Component Units

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.

Reporting for component units on the City's financial statements can be blended or discretely presented. Blended component units are, although legally separate entities, in substance part of the City's operations and, therefore, data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, would be reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

For financial reporting purposes, the City's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by the City Council. Separate financial statements for the City of Colusa Public Financing Authority are not issued.

Blended Component Units

City of Colusa Public Financing Authority - The Authority was established December 7, 2010, by the execution of a Joint Exercise of Powers Agreement between the City of Colusa and the former City of Colusa Redevelopment Agency. The Authority was created for the purpose of providing financing for public capital improvements owned and operated by the City. The Authority is the lessor for the City's Certificates of Participation (Wastewater System Improvement Project) and makes debt service payments on behalf of the City. The City Council is the governing body of the Authority and because its financial and operational relationship with the City is closely integrated, the activity and debt of the Authority is reported in the Sewer Operations enterprise fund financial statements.

Discretely Presented Component Units

There are no component units of the City which meet the criteria for discrete presentation.

CITY OF COLUSA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Joint Agencies

The City is a participant in Northern California Cities Self-Insurance Fund (NCCSIF), the purpose of which is for member Cities to share in the administrative costs of providing liability and workers' compensation insurance. The NCCSIF is governed by a board of directors appointed by the member cities. Complete financial information can be obtained from the Program Administrator at, 2180 Harvard Street, Suite 460, Sacramento, CA 95815. The City is not financially accountable for this organization and therefore it is not a component unit under Statement Nos. 14, 39 and 61 of the Governmental Accounting Standards Board.

B. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information on all of the nonfiduciary activities of the City, and its blended component units. These statements include the financial activities of the overall government, except fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the governmental and business-type activities of the City. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each different identifiable activity of the City's business-type activities and each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods and services offered by the program, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are presented instead as general revenues.

Fund Financial Statements

The fund financial statements provide information about the City's funds, including blended component units. Funds are organized into two major categories: governmental and proprietary. The emphasis is placed on major funds within the governmental and proprietary categories; each is displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

- The General fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. For the City, the General fund includes such activities as public safety, planning and zoning, general administrative services and public works.

CITY OF COLUSA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The City reports the following major governmental funds (Continued):

- The CDBG Program Income fund is a special revenue fund used to account for revenues and expenditures related to the Community Development Block Grant (CDBG) activity. Funding comes primarily from program income.

The City reports the following major proprietary funds:

- The Water Operations fund is an enterprise fund used to account for activity related to providing customers with water and billing for services provided by the City.
- The Sewer Operations fund is an enterprise fund used to account for activity related to providing customers with sewer and billing for services provided by the City.
- The WWTP Capital Reserve fund is an enterprise fund used to maintain required debt reserves.

C. Basis of Accounting and Measurement Focus

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales tax, grants, entitlements, and donations. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales taxes, interest, certain state and federal grants and charges for services are considered susceptible to accrual and are accrued when their receipt occurs within sixty days after the end of the fiscal year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the various functions of the governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CITY OF COLUSA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Non-Current Governmental Assets/Liabilities

Non-current governmental assets and liabilities, such as capital assets and long-term liabilities, are reported in the governmental activities column in the government-wide Statement of Net Position.

E. Cash and Cash Equivalents

For purposes of the accompanying Statement of Cash Flows, the City considers all highly liquid investments with a maturity of three months or less when purchased, including amounts held in the City's investment pool, to be cash and cash equivalents.

F. Investments

The City pools cash and investments of all funds. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments.

Investment transactions are recorded on the trade date. The fair value of investments is determined annually. Investments in nonparticipating interest-earning investment contracts are reported at cost; short term investments are reported at amortized cost, investments in the State of California Local Agency Investment Fund, an external pool, are reported at amortized cost which approximates fair value, and the fair value of all other investments are obtained by using quotations obtained from independent published sources or by the safekeeping institution. The fair value represents the amount the City could reasonably expect to receive for an investment in a current sale between a willing buyer and seller.

Income from pooled investments is allocated to the individual funds based on the fund or participant's average daily cash balance at quarter end in relation to the total pool investments. Income from non-pooled investments is recorded based on the specific investments held by the fund.

G. Receivables

Receivables for governmental activities consist mainly of accounts, interest, taxes and amounts due from other governments. Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

Receivables for business-type activities consist mainly of user fees and interest. Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

H. Other Assets

Inventory

Governmental fund and proprietary fund inventories are recorded as expenditures/expenses at the time the inventory is purchased rather than when consumed. Records are not maintained of inventory and supplies on hand, although these amounts are not considered material.

CITY OF COLUSA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Other Assets (Continued)

Prepaid Items

Payments made for services that will benefit periods beyond June 30, 2025, are recorded as prepaid costs under both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased. The City records prepaid insurance for the net investment in a joint powers self-insurance agency.

I. Loans Receivable

A total of \$2,779,807 was recorded as loans receivable at June 30, 2025. These represent low interest notes and related accrued interest to finance multi-family and single-family construction and rehabilitation projects and homebuyer assistance for low-income families. Loan terms are 15 to 55 years with an interest rate at 0 to 5 percent. The primary source of funding for these loans comes from grants from the federal Community Development Block Grant (CDBG) program and Home Investment Partnerships (HOME) program. The CDBG and HOME grants contain monitoring requirements to ensure grant compliance. These requirements are reflected in the loan agreements.

J. Capital Assets

Capital assets, including public domain (infrastructure such as roads, bridges, sidewalks, water, sewer, and similar items) are defined by the City as assets with a cost greater than \$500 for office equipment, \$1,000 for buildings and machinery and equipment, and \$3,000 for water system infrastructure and a useful life of at least two years. Capital assets are recorded at historical or estimated historical cost if actual historical cost is unavailable. Contributed capital assets are recorded at their fair value at the date of donation.

Capital assets used in operations are depreciated or amortized using the straight-line method over the assets' estimated useful lives in the government-wide financial statements. The range of estimated useful lives by type of asset is as follows:

<u>Depreciable Asset</u>	<u>Estimated Lives</u>
Equipment	5 to 10 years
Structures and improvements	10 to 40 years
Infrastructure	20 to 75 years
Intangibles (computer software)	5 to 10 years

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is to be included in the results of operations.

K. Property Tax

Colusa County assesses properties, bills, collects, and distributes property taxes to the City. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties.

CITY OF COLUSA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Property Tax (Continued)

Property taxes are levied on a fiscal year (July 1 - June 30). The secured property tax assessments are due on November 1 and February 1 and become delinquent after December 10 and April 10, respectively. The unsecured property tax assessments are due on August 1 and become delinquent after August 31. Property taxes become a lien on the property effective January 1 of the preceding year.

The City recognizes property taxes when the individual installments are due, provided they are collected within 60 days after year-end.

L. Interfund Transactions

Interfund transactions are reflected as either loans, services provided or used, reimbursements or transfers.

Loans reported as receivables and payables are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans) as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.” Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not in spendable form.

Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. These services provide information on the net cost of each government function and therefore are not eliminated in the process of preparing the government-wide Statement of Activities.

Reimbursements occur when the funds responsible for particular expenditures or expenses repay the funds that initially paid for them. Such reimbursements are reflected as expenditures or expenses in the reimbursing fund and reductions to expenditures or expenses in the reimbursed fund.

All other interfund transactions are treated as transfers. Transfers between funds are netted as part of the reconciliation to the government-wide presentation.

M. Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation leave and an unlimited amount of sick leave. In the government-wide financial statements the accrued compensated absences is recorded as an expense and related liability, with the current portion estimated based on historical trends. In the governmental fund financial statements, the expenditures and liabilities related to those obligations are recognized only when they mature. In the proprietary funds the accrued compensated absences is recorded as an expense and related liability in the year earned. The City includes its share of Social Security and Medicare taxes payable on behalf of the employees in the accrual for compensated absences.

CITY OF COLUSA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Compensated Absences (Continued)

Unused vacation is paid to employees upon termination. The maximum accrual for employees in the police, middle management, department head and miscellaneous groups for vacation is one and a half times the employees' annual vacation leave credits, and for fire department employees the maximum accrual is two and a half times the employees' annual vacation leave credits. Annually, all employees may "sell back" a portion of their unused vacation. In addition to vacation, police, middle management, department heads, and miscellaneous employees also accrue sick leave credits. Fire department employees do not accrue sick leave credits. There is no limit as to the accrual of sick leave. After 10 years of service, the employee may be paid for up to 50 percent of the sick leave accrual to a maximum of 300 hours upon termination or retirement.

N. Pension

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pension, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Measurement Period	June 30, 2023, to June 30, 2024

O. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the OPEB Plans' fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2024
Measurement Date	June 30, 2024
Measurement Period	June 30, 2023, to June 30, 2024

CITY OF COLUSA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. These items relate to the outflows from changes in the net pension liability and net OPEB liability and are reportable on the Statement of Net Position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items which qualify for reporting in this category. The first item, unavailable revenue, is reported only on the governmental funds balance sheet. The governmental funds report unavailable revenues for receivables that have not been received within the modified accrual period. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second and third items relate to the inflows from changes in the net pension liability and net OPEB liability and are reportable on the Statement of Net Position.

Q. Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

R. Implementation of Governmental Accounting Standards Board (GASB) Statements

The following Governmental Accounting Standards Board (GASB) Statements have been implemented, if applicable, in the current financial statements.

Statement No. 101, Compensated Absences. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Statement No. 102, Certain Risk Disclosures. The objective of this statement is to provide users of government financial statements with essential information about its risks related to a government's vulnerabilities due to certain concentrations or constraints.

S. Future Accounting Pronouncements

The following GASB Statements will be implemented, if applicable, in future financial statements:

Statement No. 103 "Financial Reporting Model Improvements" The requirements of this statement are effective for fiscal years beginning after June 15, 2025. (FY 25/26)

Statement No. 104 "Disclosure of Certain Capital Assets" The requirements of this statement are effective for fiscal years beginning after June 15, 2025. (FY 25/26)

CITY OF COLUSA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Balance

The following non-major governmental funds had deficit fund balances at June 30, 2025:

Traffic Safety	\$ 8,928
State Park	625,045
Developer Deposits	229,437
Prop 64 Grant	15,717

Some of these deficits may be eliminated in the future through grant revenues. Certain amounts of these deficits will ultimately become the responsibility of the General fund.

B. Restatement of Net Position

During fiscal year ended June 30, 2025, the City recorded an additional expenditure for sick leave due to the implementation of GASB No. 101 which was not previously reported in the financial statements resulting in an understatement of prior year expenditures of \$36,729 as well as various corrections to capital assets and correction of deferred housing loan payments. The effect of implementing GASB No. 101 and correcting the capital assets and deferred inflows is shown in the table below.

During fiscal year 2025, a change in accounting principle and an error correction in adjustments to and restatements of beginning net position is as follows:

	Governmental Activities	Business- Type Activities	CDBG Program Income	Other Governmental Funds	Water Operations	Sewer Operations
June 30, 2024, as previously reported	\$11,896,678	\$ 17,839,015	\$ 270,443	\$ 5,108,263	\$ 6,855,514	\$9,607,300
Error correction of capital assets	(116,348)	-	-	-	-	-
Correction of deferred housing loan payments to restricted fund balance	2,511,762	-	1,637,643	874,119	-	-
Change in accounting principle – GASB No. 101	(18,365)	(18,364)	-	-	(9,182)	(9,182)
June 30, 2024, as restated	<u>\$14,273,727</u>	<u>\$ 17,820,651</u>	<u>\$ 1,908,086</u>	<u>\$ 5,982,382</u>	<u>\$ 6,846,332</u>	<u>\$9,598,118</u>

NOTE 3: CASH AND INVESTMENTS

A. Financial Statement Presentation

As of June 30, 2025, the City's cash and investments are reported in the financial statements as follows:

Governmental activities	\$ 9,002,502
Business-type activities	<u>3,890,631</u>
Total Cash and Investments	<u>\$ 12,893,133</u>

CITY OF COLUSA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

A. Financial Statement Presentation (Continued)

As of June 30, 2025, the City's cash and investments consisted of the following:

Cash:	
Cash on hand	\$ 500
Deposits (less outstanding checks)	<u>2,621,192</u>
Total Cash	<u>2,621,692</u>
Investments:	
Local Agency Investment Fund (LAIF)	<u>10,271,441</u>
Total Investments	<u>10,271,441</u>
Total Cash and Investments	<u>\$ 12,893,133</u>

B. Cash

At year-end, the carrying amount of the City's cash deposits (including amounts in a checking account) was \$2,621,192 and the bank balance was \$2,635,928. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. In addition, the City had cash on hand of \$500.

Custodial Credit Risk for Deposits - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The City's investment policy requires that deposits in banks must meet the requirements of the California Government Code. Under this code, deposits of more than \$250,000 must be collateralized at 105 percent to 150 percent of the value of the deposit to guarantee the safety of public funds. The first \$250,000 of the City's deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Deposits of more than the \$250,000 insured amount are collateralized.

C. Investments

The City has an investment policy, the purpose of which is to establish guidelines for the prudent investment of the City's funds, and outline the policies for maximizing the efficiency of the City's cash management program. The ultimate goal is to enhance the economic status of the City while protecting its pooled investments.

The investment policy provides the basis for the management of a prudent, conservative investment program. Funds are invested to provide the maximum security of principal with secondary emphasis on achieving the highest return, while meeting daily cash flow needs. All investments are made in accordance with the Government Code and, in general, the investment policy is more restrictive than state law.

CITY OF COLUSA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

Under the provisions of the City's investment policy the City may invest or deposit in the following:

- Securities of the U.S. Government, or its agencies
- Small Business Administration loans
- Certificates of Deposit or Time Deposits placed with commercial banks and/or savings and loan companies
- Negotiable Certificates of Deposit
- Bankers' Acceptances for a maximum of 180 days
- Commercial Paper for a maximum of 270 days
- Local Agency Investment Fund (LAIF)
- Demand Accounts – Insured/Collateralized

Fair Value of Investments - The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs

The City's position in external investment pools is in itself regarded as a type of investment and looking through to the underlying investments of the pool is not appropriate. Therefore, the City's investment in external investment pools is not recognized in the three-tiered fair value hierarchy described above.

At June 30, 2025, the City had the following recurring fair value measurements:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level				
None	\$ -	\$ -	\$ -	\$ -
Total Investments Measured at Fair Value	-	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Investments in External Investment Pool				
LAIF	<u>10,271,441</u>			
Total Investments	<u>\$ 10,271,441</u>			

Interest Rate Risk - Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. To limit the exposure to fair value losses resulting from increases in interest rates, the City's investment policy limits investment maturities to a term appropriate to the need for funds so as to permit the City to meet all projected obligations. Any investments that mature more than five years from the date of purchase cannot occur without prior approval of the City Council.

CITY OF COLUSA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

As of June 30, 2025, the City had the following investments, all of which had a maturity of 5 years or less:

Investment Type	Interest Rates	Maturities		Fair Value	Weighted Average Maturity (Years)
		0-1 year	1-5 years		
LAIF	Variable	\$ 10,271,441	\$ -	\$ 10,271,441	-
Total Investments		\$ 10,271,441	\$ -	\$ 10,271,441	-

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investment policy sets specific parameters by type of investment to be met at the time of purchase. As of June 30, 2025, the City's investments were all pooled with LAIF which is not rated by a nationally recognized statistical rating organization.

Custodial Credit Risk - Custodial credit risk for investments is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or collateral securities that are in the possession of an outside party. To mitigate the custodial credit risk the City's investment policy requires that all securities owned by the City shall be held in safekeeping by a third-party bank trust department.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. The City's investment policy contains limitations on the amount that can be invested in any one issuer. All investments of the City were pooled with LAIF which holds a diversified portfolio of high-quality investments.

D. Investment in External Investment Pool

The City of Colusa maintains an investment in the State of California Local Agency Investment Fund (LAIF), managed by the State Treasurer. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California State Code. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. At June 30, 2025, the City's investment in LAIF valued at amortized cost was \$10,271,441 and is the same as the value of the pool shares. There are no restrictions on withdrawal of funds. The total amount invested by all public agencies in LAIF on that day was \$178.1 billion. Of that amount, 96.19 percent is invested in non-derivative financial products and 3.81 percent in structured notes and asset-backed securities.

CITY OF COLUSA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2025, was as follows:

	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Adjustments/ Retirements</u>	<u>Balance June 30, 2025</u>
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 171,520	\$ 135,427	\$ -	\$ 306,947
Construction in progress	-	559,560	-	559,560
Total Capital Assets, Not Being Depreciated	<u>171,520</u>	<u>694,987</u>	<u>-</u>	<u>866,507</u>
Capital Assets, Being Depreciated				
Infrastructure	2,485,296	1,381,724	-	3,867,020
Improvements	6,477,560	-	-	6,477,560
Structures	5,670,671	-	9,100	5,679,771
Equipment	2,248,508	311,460	(84,670)	2,475,298
Vehicles	3,523,154	21,676	(19,007)	3,525,823
Software	107,900	-	(8,026)	99,874
Total Capital Assets, Being Depreciated	<u>20,513,089</u>	<u>1,714,860</u>	<u>(102,603)</u>	<u>22,125,346</u>
Less Accumulated Depreciation For:				
Infrastructure	(1,352,122)	(159,921)	(63,073)	(1,575,116)
Improvements	(2,482,252)	(294,665)	-	(2,776,917)
Structures	(2,531,351)	(80,385)	-	(2,611,736)
Equipment	(1,742,977)	(185,385)	70,263	(1,858,099)
Vehicles	(2,627,752)	(202,089)	(25,005)	(2,854,846)
Software	(60,790)	(10,788)	4,070	(67,508)
Total Accumulated Depreciation	<u>(10,797,244)</u>	<u>(933,233)</u>	<u>(13,745)</u>	<u>(11,744,222)</u>
Total Capital Assets, Being Depreciated, Net	<u>9,715,845</u>	<u>781,627</u>	<u>(116,348)</u>	<u>10,381,124</u>
Governmental Activities Capital Assets, Net	<u>\$ 9,887,365</u>	<u>\$ 1,476,614</u>	<u>(\$ 116,348)</u>	<u>\$ 11,247,631</u>

CITY OF COLUSA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 4: CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2024	Additions	Adjustments/ Retirements	Balance June 30, 2025
Business-Type Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 5,860,839	\$ -	\$ -	\$ 5,860,839
Construction in progress	<u>1,947,003</u>	<u>10,067,187</u>	<u>(184,224)</u>	<u>11,829,966</u>
Total Capital Assets, Not Being Depreciated	<u>7,807,842</u>	<u>10,067,187</u>	<u>(184,224)</u>	<u>17,690,805</u>
Capital Assets, Being Depreciated				
Infrastructure	4,276,182	-	-	4,276,182
Improvements	39,248,165	122,853	92,447	39,463,465
Structures	66,880	-	-	66,880
Equipment	1,743,368	23,061	4,700	1,771,129
Vehicles	1,389,091	3,098	3,099	1,395,288
Software	<u>3,342</u>	<u>-</u>	<u>-</u>	<u>3,342</u>
Total Capital Assets, Being Depreciated	<u>46,727,028</u>	<u>149,012</u>	<u>100,246</u>	<u>46,976,286</u>
Less Accumulated Depreciation For:				
Infrastructure	(4,180,310)	(5,376)	(7,227)	(4,192,913)
Improvements	(20,888,443)	(1,922,775)	197,666	(22,613,552)
Structures	(48,810)	(2,229)	-	(51,039)
Equipment	(1,263,922)	(161,914)	(5,711)	(1,431,547)
Vehicles	(937,250)	(91,412)	(3,294)	(1,031,956)
Software	<u>(3,342)</u>	<u>-</u>	<u>-</u>	<u>(3,342)</u>
Total Accumulated Depreciation	<u>(27,322,077)</u>	<u>(2,183,706)</u>	<u>181,434</u>	<u>(29,324,349)</u>
Total Capital Assets, Being Depreciated, Net	<u>19,404,951</u>	<u>(2,034,694)</u>	<u>281,680</u>	<u>17,651,937</u>
Business-Type Activities Capital Assets, Net	<u>\$ 27,212,793</u>	<u>\$ 8,032,493</u>	<u>\$ 97,456</u>	<u>\$ 35,342,742</u>

Depreciation

Depreciation expense was charged to governmental activities as follows:

General government	\$ 204,059
Public safety	224,685
Public works	472,757
Culture and recreation	<u>31,732</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 933,233</u>

Depreciation expense was charged to business-type activities as follows:

Water Operations	\$ 209,314
Sewer Operations	<u>1,974,392</u>
Total Depreciation Expense – Business-Type Activities	<u>\$ 2,183,706</u>

Construction in Progress

Construct in progress for business-type activities relates primarily to software upgrades, the wastewater recycling project and the Walnut Grant project.

CITY OF COLUSA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 5: INTERFUND TRANSACTIONS

Due To/From Other Funds

During the course of operations, transactions occur between funds to account for goods received or services rendered. These receivables and payables are classified as due from or due to other funds. In addition, when funds overdraw their share of pooled cash, the receivables and payables are also classified as due from or due to other funds.

The following are due to and due from balances as of June 30, 2025:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 1,108,168	\$ -
Nonmajor governmental funds	-	1,108,168
WWTP – Capital Reserves	165,468	-
Sewer operations	<u>-</u>	<u>165,468</u>
Total	<u>\$ 1,273,636</u>	<u>\$ 1,273,636</u>

Advances To/From Other Funds

Advances to/from other funds are non-current interfund loans and are offset by a nonspendable fund balance account in applicable governmental funds to indicate they are not in spendable form. The following are advances to/from other funds as of June 30, 2025:

	<u>Advances To Other Funds</u>	<u>Advances From Other Funds</u>
General Fund	\$ -	\$ 1,638,898
Water operations	819,449	-
Sewer operations	<u>819,449</u>	<u>-</u>
Total	<u>\$ 1,638,898</u>	<u>\$ 1,638,898</u>

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service and re-allocations of special revenues. The following are the interfund transfer balances as of June 30, 2025:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 912,321	\$ -
CDBG Program Income	-	2,505
Nonmajor governmental funds	-	221,461
Water operations	-	337,516
Sewer operations	-	428,339
WWTP Capital Reserve	<u>77,500</u>	<u>-</u>
Total	<u>\$ 989,821</u>	<u>\$ 989,821</u>

CITY OF COLUSA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 6: UNEARNED REVENUES

At June 30, 2025, the components of unearned revenue were as follows:

	Unearned
General Fund	
Coronavirus State and Local Fiscal Relief Funds received in advance	\$ 208,599
Other Governmental Funds	
Recreation fees received in advance	2,913
Total	\$ 211,512

NOTE 7: LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2025:

Type of Indebtedness	Balance July 1, 2024	Adjustments	Additions	Retirements	Balance June 30, 2025	Amounts Due Within One Year
Governmental Activities						
Compensated absences*	\$ 184,860	\$ 18,365	\$ -	(\$ 6,128)	\$ 197,097	\$ 95,009
Financed purchase	98,217	-	-	(18,567)	79,650	19,839
Total Governmental Activities	\$ 283,077	\$ 18,365	\$ -	(\$ 24,695)	\$ 276,747	\$ 114,848
Business-Type Activities						
Compensated absences*	\$ 79,026	\$ 18,364	\$ 9,699	\$ -	\$ 107,089	\$ 44,474
Direct borrowing loans payable	18,345,208	-	-	(796,148)	17,549,060	812,256
Total Business-Type Activities	\$ 18,424,234	\$ 18,364	\$ 9,699	(\$ 796,148)	\$ 17,656,149	\$ 856,730

*The compensated absences activity shown in the table above is presented on a net increase/decrease basis as permitted by GASB Statement No. 101.

Compensated absences are generally liquidated by the fund where the accrued liability occurred. The financed purchase liability is liquidated by lease payments made by the departments leasing the equipment.

Individual issues of debt payable outstanding at June 30, 2025, are as follows:

Business-Type Activities

Loans from Direct Borrowings:

United States Department of Agriculture Loan, dated December 18, 2013, in the amount of \$1,367,000, payable in annual principal installments of \$20,000 to \$54,000, with an interest rate of 2.75%, and maturity on December 1, 2053. The loan proceeds were used to finance certain improvements to the City's wastewater treatment system.	\$ 1,122,000
State of California, State Water Resources Control Board Loan, dated November 16, 2007, in the amount of \$15,500,000, payable in annual installments of \$715,815 with an interest rate of 2.40%, and maturity on January 15, 2039. The loan proceeds were used to finance the expansion of the wastewater treatment plant.	8,426,794
State of California, State Water Resources Control Board Loan, dated August 24, 2016, in the amount of \$4,700,000, payable in annual installments of \$183,574, with an interest rate of 1.00%, and maturity of December 1, 2047. The loan proceeds were used to finance the Wastewater Treatment Plan Upgrade project.	3,755,158

CITY OF COLUSA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

Business-Type Activities (Continued)

State of California, State Water Resources Control Board Loan, dated October 15, 2020, in the amount of \$4,350,000, payable in annual installments of \$175,861 with an interest rate of 1.30%, and maturity of December 1, 2051. The loan was used to finance the Wastewater Treatment Plan Upgrade project.

	4,245,108
Total Loans from Direct Borrowings	17,549,060
Total Business-Type Activities	\$ 17,549,060

The City has pledged sewer operations revenues, net of specified operating expenses, to repay loans from direct borrowings in the amount of \$19,627,020 issued in November 2007, December 2013 and August 2016.

Following is a schedule of debt payment requirements to maturity for long-term debt, excluding compensated absences that have indefinite maturities and capital leases which are reported in Note 8.

Business-Type Activities

Year Ended June 30	Loans from Direct Borrowings		
	Principal	Interest	Totals
2026	\$ 812,256	\$ 325,479	\$ 1,137,735
2027	828,688	309,317	1,138,005
2028	844,453	292,810	1,137,263
2029	861,556	275,950	1,137,506
2030	879,007	258,716	1,137,723
2031-2035	4,666,507	1,021,514	5,688,021
2036-2040	4,441,771	529,081	4,970,852
2041-2045	1,858,703	248,684	2,107,387
2046-2050	1,617,463	123,513	1,740,976
2051-2054	738,656	25,254	763,910
Total	\$ 17,549,060	\$ 3,410,318	\$ 20,959,378

NOTE 8: LEASES

Financed Purchase Agreements

In March 2024, the City entered into a financed purchase agreement for the purchase of mowers and related equipment with a cost of \$104,713 and accumulated depreciation of \$0 as of June 30, 2025. The financed purchase agreement is payable in 60 monthly installments of \$2,045, including interest at 6.65%. The installment repayment began in March 2024. Principal and interest paid in the current year were \$76,570. Total remaining payments under the agreement are \$89,973, including interest in the amount of \$10,323. The present value of the remaining payments is \$89,973.

CITY OF COLUSA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 8: LEASES (CONTINUED)

Financed Purchase Agreements (Continued)

The future minimum financed purchase agreement obligations and the net present value of these minimum lease payments as of June 30, 2025, were as follows:

<u>Year Ended June 30</u>	<u>Governmental Activities</u>
2026	\$ 24,538
2027	24,538
2028	24,538
2029	<u>16,359</u>
Total Requirements	89,973
Less interest	<u>(10,323)</u>
Present Value of Remaining Payments	<u>\$ 79,650</u>

NOTE 9: NET POSITION

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net investment in capital assets** - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- **Restricted net position** - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. These principally include restrictions for capital projects, debt service requirements and other special revenue fund purposes.
- **Unrestricted net position** - all other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

Net Position Restricted by Enabling Legislation

The government-wide Statement of Net Position reports \$8,129,422 of restricted net position, of which \$3,442,200 is restricted by enabling legislation.

Net Position Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted net position are available, it is considered that restricted resources are used first, followed by the unrestricted resources.

CITY OF COLUSA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 10: FUND BALANCES

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balances for governmental funds can be made up of the following:

- **Nonspendable fund balance** - amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories and prepaid amounts.
- **Restricted fund balance** - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- **Committed fund balance** - amounts that can only be used for the specific purposes determined by formal action of the City’s highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance commit fund balance. Once adopted, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- **Assigned fund balance** - amounts that are constrained by the City’s intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose.
- **Unassigned fund balance** - the residual classification for the City’s General fund that includes all amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The fund balances for all major and nonmajor governmental funds as of June 30, 2025, were distributed as follows:

	General Fund	CDBG Program Income	Other Governmental Funds	Totals
Nonspendable:				
Prepaid costs	\$ 104,619	\$ -	\$ -	\$ 104,619
Subtotal	104,619	-	-	104,619
Restricted for:				
Community Development	-	1,952,607	1,256,230	3,208,837
SLESF	-	-	398,027	398,027
Strike Team	-	-	381,899	381,899
Gas Tax	-	-	428,819	428,819
County Transportation	-	-	747,893	747,893
Park Donations	-	-	690	690
Improvement District	-	-	41,525	41,525
Development Impact Fees	-	-	1,514,964	1,514,964
State Recycling Grant	-	-	12,601	12,601
Boat Launch	-	-	94,749	94,749

CITY OF COLUSA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 10: FUND BALANCES (CONTINUED)

	General Fund	CDBG Program Income	Other Governmental Funds	Totals
Restricted for (Continued):				
Historical Preservation	-	-	4,048	4,048
Lighting Districts	-	-	103,940	103,940
Cannabis Revenue	-	-	1,831,635	1,831,635
Police Projects	-	-	50,000	50,000
Subtotal	-	1,952,607	6,867,020	8,819,627
Unassigned	2,743,232	-	(879,127)	1,864,105
Total	<u>\$ 2,847,851</u>	<u>\$ 1,952,607</u>	<u>\$ 5,987,893</u>	<u>\$ 10,788,351</u>

Fund Balance Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance), a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted fund balance are available, it is considered that restricted fund balance is depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policy

The City Council has adopted a fund balance policy for financial statement reporting. The policy establishes procedures for reporting fund balance classifications. The policy also provides for a measure of financial protection for the City against unforeseen circumstances and to comply with GASB Statement No. 54.

NOTE 11: PENSION PLAN

A. General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the City's separate Safety police, Safety fire, and Miscellaneous (all other) Employee Pension Plan, a cost-sharing multiple employer-defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Effective January 1, 2013, the City added retirement tiers for the Miscellaneous and Safety Rate Tiers for new employees as required under the Public Employee Pension Reform Act (PEPRA). New employees hired on or after January 1, 2013, will be subject to new, lower pension formulas, caps on pensionable income levels and new definitions of pensionable income. In addition, new employees will be required to contribute half of the total normal cost of the pension benefit unless impaired by an existing Memorandum of Understanding. The cumulative effect of these PEPRA changes will ultimately reduce the City's retirement costs.

CITY OF COLUSA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 11: PENSION PLAN (CONTINUED)

A. General Information about the Pension Plan (Continued)

Summary of Rate Tiers and Eligible Participants

Open for New Enrollment	
Miscellaneous PEPRA	Miscellaneous members hired on or after January 1, 2013
Safety Police PEPRA	Safety police members hired on or after January 1, 2013
Safety Fire PEPRA	Safety fire members hired on or after January 1, 2013
Closed to New Enrollment	
Miscellaneous First Tier	Miscellaneous members hired before January 1, 2010
Miscellaneous Second Tier	Miscellaneous hired after July 1, 2010, and before December 31, 2012
Safety Police	Safety police members hired before January 1, 2013
Safety Fire	Safety fire members hired before January 1, 2013

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 (age 52 for Miscellaneous Plan members if membership date is on or after January 1, 2013) with statutorily reduced benefits. Retirement benefits are paid monthly for life. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

Each Rate Tier's specific provisions and benefits in effect at June 30, 2025, are summarized as follows:

	<u>Benefit Formula</u>	<u>Retirement Age</u>	<u>Monthly Benefits as a % of Eligible Compensation</u>
Miscellaneous First Tier	2.0% @ 55	50 - 63	1.426% to 2.418%
Miscellaneous Second Tier	2.0% @ 60	50 - 63	1.092% to 2.418%
Miscellaneous PEPRA	2.0% @ 62	52 - 67	1.000% to 2.500%
Safety Police	2.0% @ 50	50 - 55	2.000% to 2.700%
Safety Police PEPRA	2.7% @ 57	50 - 57	2.000% to 2.700%
Safety Fire	2.0% @ 50	50 - 55	2.000% to 2.700%
Safety Fire PEPRA	2.7% @ 57	50 - 57	2.000% to 2.700%

CITY OF COLUSA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 11: PENSION PLAN (CONTINUED)

A. General Information about the Pension Plan (Continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for all Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

	<u>Employer Contribution Rates</u>	<u>Employee Contribution Rates</u>	<u>Employer Paid Member Contribution Rates</u>
Miscellaneous First Tier	12.520%	7.000%	0.000%
Miscellaneous Second Tier	10.150%	7.000%	0.000%
Miscellaneous PEPRA	7.870%	7.750%	0.000%
Safety Police	21.300%	9.000%	0.000%
Safety Police PEPRA	13.760%	13.750%	0.000%
Safety Fire	21.300%	9.000%	0.000%
Safety Fire PEPRA	13.760%	13.750%	0.000%

For the year ended June 30, 2025, the contributions recognized as part of pension expense for the Plan was as follows:

	<u>Contributions-Employer</u>	<u>Contributions-Employee (Paid by Employer)</u>
Miscellaneous	\$ 456,299	\$ -
Safety	518,583	-

B. Pension Liability, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2024, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023, rolled forward to June 30, 2024, using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability for the Plan as of June 30, 2024, and 2025, was as follows:

	<u>Proportion June 30, 2024</u>	<u>Proportion June 30, 2025</u>	<u>Change- Increase (Decrease)</u>
Miscellaneous	.09694%	.09953%	.00259%
Safety	.05849%	.05865%	.00016%

CITY OF COLUSA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 11: PENSION PLAN (CONTINUED)

B. Pension Liability, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (Continued)

As of June 30, 2025, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$ 4,813,790
Safety	<u>4,276,048</u>
Total Net Pension Liability	<u>\$ 9,089,838</u>

For the year ended June 30, 2025, the City recognized a pension expense of \$1,584,825. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 1,109,930	\$ -
Changes of assumptions	229,077	-
Difference between expected and actual experience	765,160	(27,586)
Difference between projected and actual earnings on pension plan investments	483,808	-
Differences between City contributions and proportionate share of contributions	197,149	(49,951)
Amortization due to differences in proportions	<u>-</u>	<u>(254,538)</u>
Total	<u>\$ 2,785,124</u>	<u>(\$ 332,075)</u>

\$1,109,930 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>		
2026		\$ 405,884
2027		1,099,063
2028		3,859
2029		(165,687)
Thereafter		<u>-</u>
Total		<u>\$ 1,343,119</u>

CITY OF COLUSA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 11: PENSION PLAN (CONTINUED)

B. Pension Liability, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Investment Rate of Return	6.90%
Inflation	2.30%
Salary Increases	Varies by entry-age and service
Mortality Rate Table	Derived using CalPERS' membership data for all funds
Post-Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80 percent of Scale MP-2020 published by the Society of Actuaries. For more details, please refer to the CalPERS 2021 experience study that can be found on the CalPERS website.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long-term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

CITY OF COLUSA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 11: PENSION PLAN (CONTINUED)

B. Pension Liability, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (Continued)

Long-Term Expected Rate of Return (Continued)

The expected real rates of return by asset class are as follows:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10 (1, 2)</u>
Global Equity – Cap-Weighted	30.0%	4.54%
Global Equity – Non-Cap-Weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	(5.0%)	(0.59%)
Total	<u>100.0%</u>	

(1) An expected price inflation of 2.30% used for this period

(2) Figures are based on the 2021-22 Asset Liability Management Study

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City’s proportionate share of the net pension liability for each Rate Tier as of the measurement date, calculated using the discount rate for each Plan, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease <u>5.90%</u>	Discount Rate <u>6.90%</u>	1% Increase <u>7.90%</u>
Miscellaneous	\$ 6,966,955	\$ 4,813,790	\$ 3,041,418
Safety	6,233,675	4,276,048	2,674,983

CITY OF COLUSA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 11: PENSION PLAN (CONTINUED)

B. Pension Liability, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 12: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. General Information about the OPEB Plan

Plan Description

The City's defined benefit OPEB plan (the Plan) provides OPEB for all permanent full-time general and public safety employees of the City. The Plan is an agent multiple-employer defined benefit plan administered by the California Public Employees' Retirement System (CalPERS). The City Council reserves the authority to review and amend the funding policy from time to time, in order to ensure that the funding policy continues to best suit the circumstances of the City.

Benefits Provided

The City reported that medical, dental and vision coverage is available to retirees.

If dental and/or vision coverage is selected, the retiree must pay 100 percent of the premiums. Since no OPEB liability is expected with respect to dental or vision coverage for retirees, neither is considered in the valuation of the net OPEB liability.

Medical coverage is currently provided through CalPERS as permitted under the Public Employees' Medical and Hospital Care Act (PEMHCA). Access to this coverage requires the employee to satisfy the requirements for retirement under CalPERS, i.e., (a) attainment of age 50 (age 52 for miscellaneous PEPRAs employees) with 5 years of State or public agency service or (b) an approved disability retirement.

The employee must begin his or her retirement (pension) benefit within 120 days of terminating employment with the City to be eligible to continue medical coverage through the City and be entitled to the benefits described below. It is the date when the employee begins his or her retirement benefits and not timing of enrollment in the medical program which determines whether the retiree qualifies for lifetime medical coverage and any benefits defined in the PEMHCA resolution. Once eligible, coverage may be continued at the retiree's option for his or her lifetime. A surviving spouse and other eligible dependents may also continue coverage. If an eligible employee is not already enrolled in the medical plan, he or she may enroll within 60 days of retirement, during any future open enrollment period or with a qualifying life event.

Under PEMHCA, the City is required to contribute toward retiree premiums for the retiree's lifetime or until coverage is discontinued. In accordance with a resolution executed in 2010, the City contributes the PEMHCA minimum employer contribution (MEC) for any City retiree who satisfies the requirements for access to coverage. For certain retirees, the City provides a medical premium stipend, which in combination with the PEMHCA minimum (MEC), provides an additional subsidy toward retiree (single coverage) medical premiums.

CITY OF COLUSA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 12: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

A. General Information about the OPEB Plan (Continued)

Benefits Provided (Continued)

The chart below summarizes the details about eligibility for and the amount of these benefits.

Date Hired	Date of Retirement	Group	Eligibility Requirements	Pre-Medicare Retiree Benefit	Medicare Retiree Benefit	Maximum Monthly Benefit for 2024
Any	Any	All Groups	At least age 50 with 5 years of PERS service	Required PEMHCA minimum Employer Contribution (MEC)		\$157
Before 7/1/2010	Before 1/1/2011	All Groups	At least age 50 with 5 years of City service	100% Employee (Retiree) Only Premium		Not Applicable
Before 7/1/2010	On or After 1/1/2011	Middle Mgmt. and Dept. Heads	At least age 50 with 10 years of City Service	100% Employee Only premium up to Blue Shield EPO Basic premium	100% Employee Only premium up to Blue Shield EPO Supplemental Medicare Premium	Pre-Medicare \$1,076.84 Post-Medicare \$392.68
		Misc. Police and Fire		100% Employee Only premium up to PORAC Basic Premium		Pre-Medicare \$931.00 Post-Medicare \$392.68
On or After 7/1/2010	Any	All Groups	No additional benefits payable; PEMHCA MEC only; see above.			

City Council members are eligible to continue coverage in retirement, but, if they opt to do so, must pay 100 percent of the monthly premiums. The City does not contribute towards the monthly premiums for retired Council members.

Employees Covered by Benefit Terms

At June 30, 2025, the following plan members were covered by the benefit terms:

Inactive plan members entitled to but not receiving benefits	10
Inactive plan members or beneficiaries currently receiving benefits	27
Active plan members	<u>31</u>
Total	<u><u>68</u></u>

B. Net OPEB Liability

The City's net OPEB liability of \$1,031,592, was measured as of June 30, 2024, and was determined by an actuarial valuation as of that date.

CITY OF COLUSA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 12: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

B. Net OPEB Liability (Continued)

Actuarial Assumptions and Other Inputs

The net OPEB liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2024
Measurement Date	Last day of the prior fiscal year (June 30, 2024)
Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets
Long Term Return on Assets	6.3% as of June 30, 2024, and 6.1% as of June 30, 2023, net of plan investment expenses and including inflation
Discount Rate	6.3% as of June 30, 2024, and 6.1% as of June 30, 2023
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in the valuation.
Salary Increase	3.0% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years
General Inflation Rate	2.5% per year
Healthcare cost trend rates	6.5% for 2025, to an ultimate rate of 3.9% for 2075 and later years
Mortality rates	MacLeod Watts Scale 2022

Demographic actuarial assumptions used in the June 30, 2024, valuation are based on the 2021 experience study of the California Public Employees Retirement System using data from 1997 to 2019, except for a different basis used to project future mortality improvements.

C. Changes in the Net OPEB Liability

The table below shows the changes in the total OPEB liability, the Plan Fiduciary Net Position (i.e. Fair value of the Plan assets), and the net OPEB liability during the measurement period ending on June 30, 2024 for the City's proportionate share.

	Increases (Decreases)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balances at fiscal year ending June 30, 2024	\$ 3,638,387	\$ 2,361,128	\$ 1,277,259
Changes during the period:			
Service cost	92,629	-	92,629
Interest cost	223,156	-	223,156
Contributions – employer	-	203,008	(203,008)
Net investment income	-	276,352	(276,352)
Changes of assumptions	(82,909)	-	(82,909)
Benefit payments	(145,443)	(145,443)	-
Administrative expenses	-	(817)	817
Net Changes	87,433	333,100	(245,667)
Balances at fiscal year ending June 30, 2025	\$ 3,725,820	\$ 2,694,228	\$ 1,031,592

CITY OF COLUSA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 12: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

C. Changes in the Net OPEB Liability (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<u>1% Decrease</u> <u>(5.30%)</u>	<u>Discount Rate</u> <u>(6.30%)</u>	<u>1% Increase</u> <u>(7.30%)</u>
Net OPEB liability	\$ 1,477,242	\$ 1,031,592	\$ 657,979

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rates

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

	<u>Current Trend</u> <u>-1%</u>	<u>Current Trend</u>	<u>Current Trend</u> <u>+1%</u>
Net OPEB Liability	\$ 617,720	\$ 1,031,592	\$ 1,533,116

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the City recognized OPEB expense of \$106,310. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Changes of assumptions	\$ 316,696	(\$ 73,039)
Differences between expected and actual experience	10,213	(159,822)
Net difference between projected and actual earnings on investments	-	(49)
Contributions made subsequent to the measurement date	<u>232,737</u>	<u>-</u>
Total	<u>\$ 559,646</u>	<u>(\$ 232,910)</u>

CITY OF COLUSA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 12: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

The \$232,737 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended <u>June 30</u>	
2026	(\$ 38,295)
2027	55,416
2028	8,953
2029	11,771
2030	32,572
Thereafter	<u>23,582</u>
	<u>\$ 93,999</u>

NOTE 13: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

There is no claims liability to be reported based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

There are no significant reductions in insurance coverage from prior years and there have been no settlements exceeding the insurance coverages for each of the past three fiscal years.

The City is a member of Northern California Cities Self-Insurance Fund (NCCSIF), a joint powers agency which provides the City with a shared risk layer of coverage above the self-insured \$50,000 retention for liability and the self-insured \$100,000 retention for workers compensation. The NCCSIF is composed of 22 member cities and is governed by a board of directors appointed by the member cities. The governing board has authority over budgeting and financing. The City pays an annual premium to NCCSIF for its insurance coverage.

NCCSIF is a joint powers agency organized in accordance with Article 1, Chapter 5, Division 7, Title 1 of the California Government Fund Programs. The purpose is to create a common pool of funds to be used to meet obligations of the parties to provide workers' compensation benefits for their employees and to provide excess liability insurance. The Authority provides claims processing administrative services, risk management services, and actuarial studies. It is governed by a member from each city. The City of Colusa council members do not have significant oversight responsibility, since they evenly share all factors of responsibility with the other cities. However, ultimate liability for payment of claims and insurance premiums resides with member cities. The Authority is empowered to make supplemental assessments as needed to eliminate deficit positions of member cities. If the JPA becomes insolvent, the City is responsible only to the extent of any deficiency in its equity balance.

CITY OF COLUSA
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 13: RISK MANAGEMENT (CONTINUED)

Upon termination of the JPA agreement, all property of the Authority will vest in the respective parties which theretofore transferred, conveyed or leased said property to the Authority. Any surplus of funds will be returned to the parties in proportion to actual balances of each equity.

The Authority establishes claims liabilities based on estimates of the ultimate cost of claims (including future claims settlement expenses) that have been reported but not settled, plus estimates of claims that have been incurred but not reported. Because actual claims costs depend on various factors, the claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision of inflation is implicit in the calculation of estimated future claims costs. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

The participants as of June 30, 2025, were as follows:

- Anderson
- Auburn
- Colusa
- Corning
- Dixon
- Elk Grove
- Folsom
- Galt
- Gridley
- Ione
- Jackson
- Lincoln
- Marysville
- Nevada City
- Oroville
- Paradise
- Placerville
- Red Bluff
- Rio Vista
- Rocklin
- Willows
- Yuba City

NOTE 14: OTHER INFORMATION

A. Commitments and Contingencies

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the appreciable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

B. Subsequent Events

Management has evaluated events subsequent to June 30, 2025, through January 20, 2026, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

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**Required Supplementary Information
(Unaudited)**

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CITY OF COLUSA
Required Supplementary Information
City Pension Plan
Schedule of Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2025
Last 10 Years

Measurement Date	2014/2015	2015/2016	2016/2017	2017/2018
Miscellaneous				
Proportion of the net pension liability	0.08470%	0.08663%	0.08805%	0.09091%
Proportionate share of the net pension liability	\$ 2,323,706	\$ 3,009,400	\$ 3,470,828	\$ 3,426,135
Covered payroll	857,971	905,553	944,509	1,084,340
Proportionate share of the net pension liability as a percentage of covered payroll	270.84%	332.33%	367.47%	315.97%
Plan fiduciary net position as a percentage of the total pension liability	80.61%	74.53%	72.90%	73.79%
Safety				
Proportion of the net pension liability	0.05668%	0.05477%	0.05335%	0.05448%
Proportionate share of the net pension liability	\$ 2,335,364	\$ 2,836,914	\$ 3,187,952	\$ 3,196,476
Covered payroll	785,947	801,110	818,934	850,207
Proportionate share of the net pension liability as a percentage of covered payroll	297.14%	354.12%	389.28%	375.96%
Plan fiduciary net position as a percentage of the total pension liability	72.30%	68.61%	68.10%	69.90%

<u>2018/2019</u>	<u>2019/2020</u>	<u>2020/2021</u>	<u>2021/2022</u>	<u>2022/2023</u>	<u>2023/2024</u>
0.09281%	0.09484%	0.13595%	0.09907%	0.09694%	0.09953%
\$ 3,716,710	\$ 4,000,471	\$ 2,581,414	\$ 4,635,784	\$ 4,847,370	\$ 4,813,790
1,125,429	1,045,094	1,247,936	1,296,101	1,253,113	1,425,275
330.25%	382.79%	206.85%	357.67%	386.83%	337.74%
73.04%	71.65%	82.30%	69.59%	68.54%	69.83%
0.05450%	0.05490%	0.07266%	0.05978%	0.05849%	0.05865%
\$ 3,402,053	\$ 3,657,910	\$ 2,549,964	\$ 4,107,667	\$ 4,372,366	\$ 4,276,048
845,600	771,122	976,385	986,427	1,004,214	1,091,899
402.32%	474.36%	261.16%	416.42%	435.40%	391.62%
69.59%	68.72%	77.79%	68.33%	67.89%	70.16%

CITY OF COLUSA
Required Supplementary Information
City Pension Plan
Schedule of Contributions
For the Year Ended June 30, 2025
Last 10 Years

Fiscal Year	<u>2015/2016</u>	<u>2016/2017</u>	<u>2017/2018</u>	<u>2018/2019</u>
Miscellaneous				
Contractually required contributions (actuarially determined)	\$ 176,639	\$ 76,063	\$ 87,037	\$ 91,911
Contributions in relation to the actuarially determined contributions	<u>(282,591)</u>	<u>(201,241)</u>	<u>(233,858)</u>	<u>(255,698)</u>
Contribution deficiency (excess)	<u>\$ (105,952)</u>	<u>\$ (125,178)</u>	<u>\$ (146,821)</u>	<u>\$ (163,787)</u>
Covered payroll	\$ 905,553	\$ 944,509	\$ 1,084,340	\$ 1,125,429
Contributions as a percentage of covered payroll	31.21%	21.31%	21.57%	22.72%
Safety				
Contractually required contributions (actuarially determined)	\$ 243,449	\$ 121,078	\$ 126,342	\$ 132,612
Contributions in relation to the actuarially determined contributions	<u>(377,175)</u>	<u>(271,279)</u>	<u>(292,800)</u>	<u>(353,918)</u>
Contribution deficiency (excess)	<u>\$ (133,726)</u>	<u>\$ (150,201)</u>	<u>\$ (166,458)</u>	<u>\$ (221,306)</u>
Covered payroll	\$ 801,110	\$ 818,934	\$ 850,207	\$ 845,600
Contributions as a percentage of covered payroll	47.08%	33.13%	34.44%	41.85%

<u>2019/2020</u>	<u>2020/2021</u>	<u>2021/2022</u>	<u>2022/2023</u>	<u>2023/2024</u>	<u>2024/2025</u>
\$ 91,254	\$ 113,608	\$ 113,788	\$ 165,322	\$ 456,299	\$ 526,843
<u>(276,291)</u>	<u>(328,437)</u>	<u>(416,854)</u>	<u>(449,655)</u>	<u>(456,299)</u>	<u>(526,843)</u>
<u>\$ (185,037)</u>	<u>\$ (214,829)</u>	<u>\$ (303,066)</u>	<u>\$ (284,333)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,045,094 26.44%	\$ 1,247,936 26.32%	\$ 1,296,101 32.16%	\$ 1,253,113 35.88%	\$ 1,425,275 32.01%	\$ 1,552,092 33.94%
\$ 125,401	\$ 163,878	\$ 163,273	\$ 106,009	\$ 518,583	\$ 583,087
<u>(385,227)</u>	<u>(440,198)</u>	<u>(460,842)</u>	<u>(496,669)</u>	<u>(518,583)</u>	<u>(583,087)</u>
<u>\$ (259,826)</u>	<u>\$ (276,320)</u>	<u>\$ (297,569)</u>	<u>\$ (390,660)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 771,122 49.96%	\$ 976,385 45.08%	\$ 986,427 46.72%	\$ 1,004,214 49.46%	\$ 1,091,899 47.49%	\$ 1,146,002 50.88%

CITY OF COLUSA
Required Supplementary Information
City Pension Plan
Notes to City Pension Plan
For the Year Ended June 30, 2025

NOTE 1: SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Summary of Changes of Benefits or Assumptions

Benefit Changes: None

Changes of Assumption: None

NOTE 2: SCHEDULE OF CONTRIBUTIONS

Methods and assumptions used to determine the contribution rates were as follows:

Valuation Date	June 30, 2021
Actuarial cost method	Individual Entry Age Normal
Amortization method	Level Percentage of Payroll and Direct Rate Smoothing
Remaining Amortization Period	Differs by employer rate plan but no more than 30 years
Asset valuation method	Fair value
Discount Rate	6.80%
Inflation	2.30%
Salary increases	Varies based on entry age and service
Investment rate of return	6.80%

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CITY OF COLUSA
Required Supplementary Information
City OPEB Plan
Schedule of Changes in the Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2025
Last 10 Years*

Measurement Date	2016/2017	2017/2018	2018/2019	2019/2020
Total OPEB Liability				
Service Cost	\$ 95,414	\$ 86,611	\$ 89,424	\$ 69,867
Interest	239,103	217,975	225,075	183,599
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(445,430)	-	(584,005)	-
Changes of assumption	62,950	-	95,599	-
Benefit payments	(236,494)	(230,403)	(189,351)	(167,131)
Net Change in Total OPEB Liability	(284,457)	74,183	(363,258)	86,335
Total OPEB Liability - Beginning	3,307,213	3,022,756	3,096,939	2,733,681
Total OPEB Liability - Ending (a)	\$ 3,022,756	\$ 3,096,939	\$ 2,733,681	\$ 2,820,016
Plan Fiduciary Net Position				
Contributions - employer	\$ 277,549	\$ 287,818	\$ 265,353	\$ 249,964
Net investment income	135,032	114,256	99,930	69,432
Benefit payments	(236,494)	(230,403)	(189,351)	(167,131)
Administrative expenses	(702)	(776)	(359)	(906)
Other expenses	-	(1,819)	-	-
Net Change in Plan Fiduciary Net Position	175,385	169,076	175,573	151,359
Plan Fiduciary Net Position - Beginning	1,199,899	1,375,284	1,544,360	1,719,933
Plan Fiduciary Net Position - Ending (b)	\$ 1,375,284	\$ 1,544,360	\$ 1,719,933	\$ 1,871,292
Net OPEB Liability - Ending (a) - (b)	\$ 1,647,472	\$ 1,552,579	\$ 1,013,748	\$ 948,724
Plan fiduciary net position as a percentage of the total OPEB liability	83.48%	99.47%	169.66%	197.24%
Covered-employee payroll	\$ 1,763,442	\$ 1,763,442	\$ 2,166,393	\$ 2,231,354
Net OPEB liability as a percentage of covered-employee payroll	93.42%	88.04%	46.79%	42.52%

* The City implemented GASB 75 for the fiscal year June 30, 2018, therefore only eight years are shown.

<u>2020/2021</u>	<u>2021/2022</u>	<u>2022/2023</u>	<u>2023/2024</u>
\$ 71,965	\$ 80,875	\$ 83,301	\$ 92,629
189,582	185,155	192,106	223,156
-	-	86,858	-
19,057	-	(31,373)	-
101,606	-	314,985	(82,909)
(166,711)	(162,115)	(146,920)	(145,443)
215,499	103,915	498,957	87,433
2,820,016	3,035,515	3,139,430	3,638,387
<u>\$ 3,035,515</u>	<u>\$ 3,139,430</u>	<u>\$ 3,638,387</u>	<u>\$ 3,725,820</u>
\$ 207,309	\$ 205,047	\$ 205,473	\$ 203,008
540,010	(337,565)	147,366	276,352
(166,711)	(162,115)	(146,920)	(145,443)
(744)	(649)	(665)	(817)
-	-	-	-
579,864	(295,282)	205,254	333,100
1,871,292	2,451,156	2,155,874	2,361,128
<u>\$ 2,451,156</u>	<u>\$ 2,155,874</u>	<u>\$ 2,361,128</u>	<u>\$ 2,694,228</u>
<u>\$ 584,359</u>	<u>\$ 983,556</u>	<u>\$ 1,277,259</u>	<u>\$ 1,031,592</u>
419.46%	219.19%	184.86%	261.17%
\$ 2,518,237	\$ 2,659,380	\$ 2,560,668	\$ 3,108,350
23.21%	36.98%	49.88%	33.19%

CITY OF COLUSA
Required Supplementary Information
City OPEB Plan
Schedule of Contributions
For the Year Ended June 30, 2025
Last 10 Years*

	<u>2017/2018</u>	<u>2018/2019</u>	<u>2019/2020</u>	<u>2020/2021</u>
Actuarially determined contributions	\$ 246,173	\$ 206,622	\$ 212,271	\$ 141,579
Contributions in relation to the actuarially determined contribution	<u>(287,817)</u>	<u>(265,353)</u>	<u>(249,964)</u>	<u>(210,166)</u>
Contribution deficiency (excess)	<u>\$ (41,644)</u>	<u>\$ (58,731)</u>	<u>\$ (37,693)</u>	<u>\$ (68,587)</u>
Covered-employee payroll	\$ 1,763,442	\$ 2,166,363	\$ 2,231,354	\$ 2,518,237
Contributions as a percentage of covered-employee payroll	16.32%	12.25%	11.20%	8.35%

* The City implemented GASB 75 for the fiscal year June 30, 2018, therefore only eight years are shown.

<u>2021/2022</u>	<u>2022/2023</u>	<u>2023/2024</u>	<u>2024/2025</u>
\$ 145,476 (205,047)	\$ 154,022 (205,473)	\$ 158,638 (200,008)	\$ 198,637 (232,737)
<u>\$ (59,571)</u>	<u>\$ (51,451)</u>	<u>\$ (41,370)</u>	<u>\$ (34,100)</u>
\$ 2,659,380 7.71%	\$ 2,560,668 8.02%	\$ 3,108,350 6.43%	\$ 3,486,371 6.68%

CITY OF COLUSA
Required Supplementary Information
City OPEB Plan
Notes to City OPEB Plan
For the Year Ended June 30, 2025

NOTE 1: SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

None.

NOTE 2: SCHEDULE OF CONTRIBUTIONS

The actuarially determined contribution (ADC) developed for the City's fiscal year ending June 30, 2024, was determined and presented in the June 30, 2021, Actuarial Valuation report.

Methods and Assumptions Used to Determine Contributions:

Actuarial cost method	Entry Age Normal, Level Percent of Pay
Amortization method	Level percent of pay, closed 30 years
Amortization period	18 years remain
Asset valuation method	Market value
Inflation	2.50%
Healthcare cost trend rates	5.80% in 2023, fluctuating down to 3.90% by 2076
Salary increases	3.00%
Investment rate of return	6.10%
Retirement age	From 50 to 75
Mortality	2017 CalPERS' Experience Study; improvement using MacLeod Watts Scale 2022

CITY OF COLUSA
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes and assessments	\$ 5,332,334	\$ 5,170,092	\$ 4,983,781	\$ (186,311)
Licenses and permits	217,000	213,500	227,804	14,304
Fines and forfeitures	13,500	13,500	16,575	3,075
Use of money	102,500	132,500	145,795	13,295
Intergovernmental	1,922,644	1,805,409	379,434	(1,425,975)
Charges for services	215,100	215,100	127,295	(87,805)
Other revenues	25,550	66,600	26,212	(40,388)
Total Revenues	7,828,628	7,616,701	5,906,896	(1,709,805)
EXPENDITURES				
Current:				
General government	1,547,862	1,583,655	1,971,525	(387,870)
Public safety	3,018,287	2,954,090	2,974,782	(20,692)
Public works	1,987,620	2,190,210	1,757,264	432,946
Culture and recreation	471,475	474,781	451,698	23,083
Community development	529,855	544,855	225,420	319,435
Total Expenditures	7,555,099	7,747,591	7,380,689	366,902
Excess of Revenues Over (Under) Expenditures	273,529	(130,890)	(1,473,793)	(1,342,903)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	912,321	912,321
Total Other Financing Sources (Uses)	-	-	912,321	912,321
Net Change in Fund Balances	273,529	(130,890)	(561,472)	(430,582)
Fund Balances - Beginning	3,409,323	3,409,323	3,409,323	-
Fund Balances - Ending	\$ 3,682,852	\$ 3,278,433	\$ 2,847,851	\$ (430,582)
Reconciliation of Net Changes in Fund Balances - Budgetary to GAAP Basis:				
Total Expenditures - Budgetary Basis				\$ 7,380,689
Debt service and capital outlay expenditures are included as functional expenditures for budgetary purposes, but are included as debt service principal and interest and capital outlay expenditures for financial reporting purposes.				
General government				(189,847)
Public safety				(55,813)
Public works				(1,290,197)
Culture and recreation				(11,042)
Debt service - principal expenditures				8,355
Debt service - interest and other charges expenditures				20,096
Capital outlay expenditures				1,518,448
Total Expenditures - Statement of Revenues, Expenditures and Changes in Fund Balances				\$ 7,380,689

CITY OF COLUSA
Required Supplementary Information
Budgetary Comparison Schedule
CDBG Program Income - Major Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Use of money	\$ 1,500	\$ 6,000	\$ 9,324	\$ 3,324
Intergovernmental	10,000	8,000	-	(8,000)
Total Revenues	<u>11,500</u>	<u>14,000</u>	<u>9,324</u>	<u>(4,676)</u>
EXPENDITURES				
Current:				
Community development	<u>177,082</u>	<u>177,082</u>	<u>-</u>	<u>177,082</u>
Total Expenditures	<u>177,082</u>	<u>177,082</u>	<u>-</u>	<u>177,082</u>
Excess of Revenues Over (Under) Expenditures	<u>(165,582)</u>	<u>(163,082)</u>	<u>9,324</u>	<u>172,406</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>-</u>	<u>-</u>	<u>(2,505)</u>	<u>(2,505)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(2,505)</u>	<u>(2,505)</u>
Net Change in Fund Balances	(165,582)	(163,082)	6,819	169,901
Fund Balances - Beginning	<u>270,443</u>	<u>270,443</u>	<u>270,443</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 104,861</u>	<u>\$ 107,361</u>	<u>\$ 277,262</u>	<u>\$ 169,901</u>

CITY OF COLUSA
Required Supplementary Information
Note to Budgetary Comparison Schedules
For the Year Ended June 30, 2025

NOTE 1: BUDGETARY BASIS OF ACCOUNTING

Formal budgetary integration is employed as a management control device during the year. The City presents a comparison of annual budget to actual results for the General fund and major special revenue funds. The amounts reported on the budgetary basis are generally on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

The City follows these procedures annually in establishing the budgetary data reflected in the financial statements:

- (1) The City Manager submits to the City Council a recommended draft budget for the fiscal year commencing the following July 1. The budget includes recommended expenditures and the means of financing them.
- (2) The City Council reviews the recommended budget at regularly scheduled meetings, which are open to the public. The Council also conducts a public hearing on the recommended budget to obtain comments from interested persons.
- (3) Prior to July 1, the budget is adopted through the passage of a resolution.
- (4) From the effective date of the budget, which is adopted and controlled at the department level, the amounts stated therein, as recommended expenditures become appropriations to the various City departments. The City Council may amend the budget by motion during the fiscal year. The City Manager may authorize transfers from one object or purpose to another within the same department.

From the effective date of the budget, which is adopted and controlled at the department level, the amounts stated therein, as recommended expenditures become appropriations to the various City departments. The City Council may amend the budget by motion during the fiscal year. The City Manager may authorize transfers from one object or purpose to another within the same department.

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Combining Nonmajor Fund Financial Statements

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Nonmajor Governmental Funds

- **Special Revenue Funds**

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CITY OF COLUSA
Combining Balance Sheet
Nonmajor Governmental Funds
Special Revenue Funds
June 30, 2025

	<u>Traffic Safety</u>	<u>Supplemental Law Enforcement (SLESF)</u>	<u>Strike Team</u>	<u>Gas Tax</u>
ASSETS				
Cash and investments	\$ -	\$ 436,238	\$ 322,975	\$ 424,841
Receivables:				
Accounts	683	-	-	30,029
Interest	-	3,621	2,220	3,564
Intergovernmental	-	-	57,074	-
Loans receivable	-	-	-	-
Total Assets	<u>\$ 683</u>	<u>\$ 439,859</u>	<u>\$ 382,269</u>	<u>\$ 458,434</u>
LIABILITIES				
Accounts payable	\$ -	\$ 41,832	\$ 370	\$ 29,615
Due to other funds	9,611	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities	<u>9,611</u>	<u>41,832</u>	<u>370</u>	<u>29,615</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted	-	398,027	381,899	428,819
Unassigned	(8,928)	-	-	-
Total Fund Balances	<u>(8,928)</u>	<u>398,027</u>	<u>381,899</u>	<u>428,819</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 683</u>	<u>\$ 439,859</u>	<u>\$ 382,269</u>	<u>\$ 458,434</u>

<u>Park Donations</u>	<u>Improvement District</u>	<u>County Transportation</u>	<u>HOME Program</u>	<u>Street Development Impact Fees</u>	<u>Law Enforcement Development Impact Fees</u>	<u>Fire Development Impact Fees</u>	<u>Drainage Development Impact Fees</u>
\$ 684	\$ -	\$ 746,380	\$ 254,301	\$ 569,726	\$ 163,448	\$ 354,743	\$ 120,008
-	8,741	-	2,018	-	-	-	-
6	-	4,052	2,026	4,605	1,306	2,853	976
-	57,085	-	-	-	-	-	-
-	-	-	1,118,828	-	-	-	-
<u>\$ 690</u>	<u>\$ 65,826</u>	<u>\$ 750,432</u>	<u>\$ 1,377,173</u>	<u>\$ 574,331</u>	<u>\$ 164,754</u>	<u>\$ 357,596</u>	<u>\$ 120,984</u>
\$ -	\$ 12,400	\$ 2,539	\$ -	\$ 26,000	\$ -	\$ -	\$ -
-	8,988	-	120,943	-	-	-	-
-	2,913	-	-	-	-	-	-
-	24,301	2,539	120,943	26,000	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
690	41,525	747,893	1,256,230	548,331	164,754	357,596	120,984
-	-	-	-	-	-	-	-
690	41,525	747,893	1,256,230	548,331	164,754	357,596	120,984
<u>\$ 690</u>	<u>\$ 65,826</u>	<u>\$ 750,432</u>	<u>\$ 1,377,173</u>	<u>\$ 574,331</u>	<u>\$ 164,754</u>	<u>\$ 357,596</u>	<u>\$ 120,984</u>

CITY OF COLUSA
Combining Balance Sheet
Nonmajor Governmental Funds
Special Revenue Funds
June 30, 2025

	Park/Rec Development Impact Fees	City Hall Development Impact Fees	Community Center Development Impact Fees	State Recycling Grant
ASSETS				
Cash and investments	\$ 153,179	\$ 108,987	\$ 58,537	\$ 12,489
Receivables:				
Accounts	-	-	-	-
Interest	1,240	883	473	112
Intergovernmental	-	-	-	-
Loans receivable	-	-	-	-
	\$ 154,419	\$ 109,870	\$ 59,010	\$ 12,601
Total Assets				
	\$ 154,419	\$ 109,870	\$ 59,010	\$ 12,601
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
	-	-	-	-
Total Liabilities	-	-	-	-
	-	-	-	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	-
	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
	-	-	-	-
FUND BALANCES				
Restricted	154,419	109,870	59,010	12,601
Unassigned	-	-	-	-
	-	-	-	-
Total Fund Balances	154,419	109,870	59,010	12,601
	154,419	109,870	59,010	12,601
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 154,419	\$ 109,870	\$ 59,010	\$ 12,601

Historical Preservation Committee	State Park	Boat Launch	C. Meadows West Lighting	Hoblit Lighting	Colusa FD2	Walnut Ranch	Cannabis Revenue
\$ 4,019	\$ -	\$ 93,988	\$ 5,554	\$ 938	\$ 55,261	\$ 33,564	\$ 1,689,543
-	-	-	890	650	6,350	529	35,444
29	-	761	73	27	676	323	13,231
-	-	-	-	-	-	-	94,317
-	-	-	-	-	-	-	-
<u>\$ 4,048</u>	<u>\$ -</u>	<u>\$ 94,749</u>	<u>\$ 6,517</u>	<u>\$ 1,615</u>	<u>\$ 62,287</u>	<u>\$ 34,416</u>	<u>\$ 1,832,535</u>
\$ -	\$ 4,665	\$ -	\$ 80	\$ 40	\$ 775	\$ -	\$ 900
-	620,380	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	625,045	-	80	40	775	-	900
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
4,048	-	94,749	6,437	1,575	61,512	34,416	1,831,635
-	(625,045)	-	-	-	-	-	-
4,048	(625,045)	94,749	6,437	1,575	61,512	34,416	1,831,635
<u>\$ 4,048</u>	<u>\$ -</u>	<u>\$ 94,749</u>	<u>\$ 6,517</u>	<u>\$ 1,615</u>	<u>\$ 62,287</u>	<u>\$ 34,416</u>	<u>\$ 1,832,535</u>

Continued (Page 2 of 3)

CITY OF COLUSA
Combining Balance Sheet
Nonmajor Governmental Funds
Special Revenue Funds
June 30, 2025

	Developer Deposits	Prop 64 Grant	Police New Project	Totals
ASSETS				
Cash and investments	\$ 26,869	\$ -	\$ 50,000	\$ 5,686,272
Receivables:				
Accounts	-	-	-	85,334
Interest	-	-	-	43,057
Intergovernmental	-	111,784	-	320,260
Loans receivable	-	-	-	1,118,828
Total Assets	\$ 26,869	\$ 111,784	\$ 50,000	\$ 7,253,751
LIABILITIES				
Accounts payable	\$ 2,695	\$ 988	\$ -	\$ 122,899
Due to other funds	253,611	94,635	-	1,108,168
Unearned revenue	-	-	-	2,913
Total Liabilities	256,306	95,623	-	1,233,980
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	31,878	-	31,878
Total Deferred Inflows of Resources	-	31,878	-	31,878
FUND BALANCES				
Restricted	-	-	50,000	6,867,020
Unassigned	(229,437)	(15,717)	-	(879,127)
Total Fund Balances	(229,437)	(15,717)	50,000	5,987,893
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 26,869	\$ 111,784	\$ 50,000	\$ 7,253,751

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CITY OF COLUSA
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
Special Revenue Funds
For the Year Ended June 30, 2025

	<u>Traffic Safety</u>	<u>Supplemental Law Enforcement (SLESF)</u>	<u>Strike Team</u>	<u>Gas Tax</u>
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines and forfeitures	3,367	-	-	-
Use of money	-	13,728	4,252	16,136
Intergovernmental	-	194,663	-	356,890
Program income	-	-	-	-
Charges for services	-	-	512,447	-
Other revenues	-	-	-	-
Total Revenues	<u>3,367</u>	<u>208,391</u>	<u>516,699</u>	<u>373,026</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	2,422	100,323	266,719	-
Public works	-	-	-	319,463
Culture and recreation	-	-	-	-
Community development	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	7,615	76,366	-	-
Total Expenditures	<u>10,037</u>	<u>176,689</u>	<u>266,719</u>	<u>319,463</u>
Excess of Revenues Over (Under Expenditures)	<u>(6,670)</u>	<u>31,702</u>	<u>249,980</u>	<u>53,563</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	(50,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50,000)</u>
Net Change in Fund Balances	<u>(6,670)</u>	<u>31,702</u>	<u>249,980</u>	<u>3,563</u>
Fund Balances - Beginning	(2,258)	366,325	131,919	425,256
Prior Period Adjustment	-	-	-	-
Fund Balances - Beginning, Restated	<u>(2,258)</u>	<u>366,325</u>	<u>131,919</u>	<u>425,256</u>
Fund Balances - Ending	<u>\$ (8,928)</u>	<u>\$ 398,027</u>	<u>\$ 381,899</u>	<u>\$ 428,819</u>

Continued (Page 1 of 3)

<u>Park Donations</u>	<u>Improvement District</u>	<u>County Transportation</u>	<u>HOME Program</u>	<u>Street Development Impact Fees</u>	<u>Law Enforcement Development Impact Fees</u>	<u>Fire Development Impact Fees</u>	<u>Drainage Development Impact Fees</u>
\$ -	\$ 85,302	\$ -	\$ -	\$ 74,981	\$ 51,267	\$ 70,064	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
18	-	22,069	7,950	17,385	6,345	10,415	16,767
-	57,085	389,081	2,018	-	-	-	-
-	-	-	36,463	-	-	-	-
-	35,982	-	-	-	-	-	-
-	4,531	-	4,500	-	116	-	-
18	182,900	411,150	50,931	92,366	57,728	80,479	16,767
-	-	-	-	-	-	-	-
-	-	-	-	-	397	-	-
-	-	345,393	-	26,000	-	-	(3,735)
-	88,524	-	-	-	-	-	-
-	-	-	44,551	-	-	-	-
-	8,355	-	-	-	-	-	-
-	2,688	-	-	-	-	-	-
-	-	60,589	-	-	135,427	-	-
-	99,567	405,982	44,551	26,000	135,824	-	(3,735)
18	83,333	5,168	6,380	66,366	(78,096)	80,479	20,502
-	(44,904)	(10,000)	(1,653)	-	-	-	-
-	(44,904)	(10,000)	(1,653)	-	-	-	-
18	38,429	(4,832)	4,727	66,366	(78,096)	80,479	20,502
672	3,096	752,725	377,384	481,965	242,850	277,117	100,482
-	-	-	874,119	-	-	-	-
672	3,096	752,725	1,251,503	481,965	242,850	277,117	100,482
\$ 690	\$ 41,525	\$ 747,893	\$ 1,256,230	\$ 548,331	\$ 164,754	\$ 357,596	\$ 120,984

Continued (Page 1 of 3)

CITY OF COLUSA
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
Special Revenue Funds
For the Year Ended June 30, 2025

	<u>Park/Rec Development Impact Fees</u>	<u>City Hall Development Impact Fees</u>	<u>Community Center Development Impact Fees</u>	<u>State Recycling Grant</u>
REVENUES				
Taxes and assessments	\$ 45,804	\$ 65,850	\$ 5,371	\$ -
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money	4,295	3,117	1,853	470
Intergovernmental	-	-	-	-
Program income	-	-	-	-
Charges for services	-	-	-	-
Other revenues	-	-	-	-
Total Revenues	<u>50,099</u>	<u>68,967</u>	<u>7,224</u>	<u>470</u>
EXPENDITURES				
Current:				
General government	-	104	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Community development	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	79,622	-	-
Total Expenditures	<u>-</u>	<u>79,726</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under Expenditures)	<u>50,099</u>	<u>(10,759)</u>	<u>7,224</u>	<u>470</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	(2,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,000)</u>
Net Change in Fund Balances	<u>50,099</u>	<u>(10,759)</u>	<u>7,224</u>	<u>(1,530)</u>
Fund Balances - Beginning	104,320	120,629	51,786	14,131
Prior Period Adjustment	-	-	-	-
Fund Balances - Beginning, Restated	<u>104,320</u>	<u>120,629</u>	<u>51,786</u>	<u>14,131</u>
Fund Balances - Ending	<u>\$ 154,419</u>	<u>\$ 109,870</u>	<u>\$ 59,010</u>	<u>\$ 12,601</u>

Continued (Page 2 of 3)

Historical Preservation Committee	State Park	Boat Launch	C. Meadows West Lighting	Hoblit Lighting	Colusa FD2	Walnut Ranch	Cannabis Revenue
\$ -	\$ -	\$ -	\$ 8,880	\$ 6,488	\$ 38,838	\$ 29,653	\$ -
-	-	-	-	-	-	-	182,609
-	-	-	-	-	-	-	-
109	-	3,114	216	46	2,594	911	53,613
-	-	-	-	-	-	-	200,000
-	-	-	-	-	-	-	-
-	-	25,549	-	-	-	-	-
900	26,822	-	-	-	-	-	-
<u>1,009</u>	<u>26,822</u>	<u>28,663</u>	<u>9,096</u>	<u>6,534</u>	<u>41,432</u>	<u>30,564</u>	<u>436,222</u>
-	-	-	1,494	837	6,679	1,620	-
-	-	-	-	-	-	-	197,802
-	-	-	-	-	-	-	-
-	29,612	25,430	-	-	-	-	-
-	-	-	-	-	-	-	-
-	1,857	-	-	-	-	-	-
-	597	-	-	-	-	-	-
-	518,354	-	-	-	-	-	-
<u>-</u>	<u>550,420</u>	<u>25,430</u>	<u>1,494</u>	<u>837</u>	<u>6,679</u>	<u>1,620</u>	<u>197,802</u>
<u>1,009</u>	<u>(523,598)</u>	<u>3,233</u>	<u>7,602</u>	<u>5,697</u>	<u>34,753</u>	<u>28,944</u>	<u>238,420</u>
<u>-</u>	<u>(34,904)</u>	<u>-</u>	<u>(7,000)</u>	<u>(5,000)</u>	<u>(50,000)</u>	<u>(16,000)</u>	<u>-</u>
<u>-</u>	<u>(34,904)</u>	<u>-</u>	<u>(7,000)</u>	<u>(5,000)</u>	<u>(50,000)</u>	<u>(16,000)</u>	<u>-</u>
<u>1,009</u>	<u>(558,502)</u>	<u>3,233</u>	<u>602</u>	<u>697</u>	<u>(15,247)</u>	<u>12,944</u>	<u>238,420</u>
3,039	(66,543)	91,516	5,835	878	76,759	21,472	1,593,215
-	-	-	-	-	-	-	-
3,039	(66,543)	91,516	5,835	878	76,759	21,472	1,593,215
<u>\$ 4,048</u>	<u>\$ (625,045)</u>	<u>\$ 94,749</u>	<u>\$ 6,437</u>	<u>\$ 1,575</u>	<u>\$ 61,512</u>	<u>\$ 34,416</u>	<u>\$ 1,831,635</u>

Continued (Page 2 of 3)

CITY OF COLUSA
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
Special Revenue Funds
For the Year Ended June 30, 2025

	Developer Deposits	Prop 64 Grant	Police New Project	Totals
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ -	\$ 482,498
Licenses and permits	-	-	-	182,609
Fines and forfeitures	-	-	-	3,367
Use of money	-	-	-	185,403
Intergovernmental	-	131,147	-	1,330,884
Program income	-	-	-	36,463
Charges for services	-	-	-	573,978
Other revenues	-	-	50,000	86,869
Total Revenues	-	131,147	50,000	2,882,071
EXPENDITURES				
Current:				
General government	191,548	-	-	202,282
Public safety	-	105,020	-	672,683
Public works	-	-	-	687,121
Culture and recreation	-	-	-	143,566
Community development	-	-	-	44,551
Debt service:				
Principal	-	-	-	10,212
Interest and other charges	-	-	-	3,285
Capital outlay	13,426	-	-	891,399
Total Expenditures	204,974	105,020	-	2,655,099
Excess of Revenues Over (Under Expenditures)	(204,974)	26,127	50,000	226,972
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	(221,461)
Total Other Financing Sources (Uses)	-	-	-	(221,461)
Net Change in Fund Balances	(204,974)	26,127	50,000	5,511
Fund Balances - Beginning	(24,463)	(41,844)	-	5,108,263
Prior Period Adjustment	-	-	-	874,119
Fund Balances - Beginning, Restated	(24,463)	(41,844)	-	5,982,382
Fund Balances - Ending	\$ (229,437)	\$ (15,717)	\$ 50,000	\$ 5,987,893

Continued (Page 3 of 3)

**CITY OF COLUSA,
CALIFORNIA**



**SINGLE AUDIT ACT
REPORTS AND SCHEDULES
FOR THE YEAR ENDED
JUNE 30, 2025**

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CITY OF COLUSA
Single Audit Act
For the Year Ended June 30, 2025

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Members of the City Council
City of Colusa
Colusa, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Colusa, California, (City) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 20, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-001 through 2025-003 that we consider to be significant deficiencies.

To the Honorable Mayor and Members of the City Council
City of Colusa
Colusa, California

Report on Compliance and Other Matters

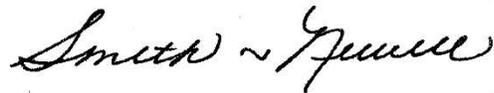
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Smith & Newell CPAs
Yuba City, California
January 20, 2026

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

To the Honorable Mayor and Members of the City Council
City of Colusa
Colusa, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Colusa, California's (City) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2025. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

To the Honorable Mayor and Members of the City Council
City of Colusa
Colusa, California

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures, include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

To the Honorable Mayor and Members of the City Council
City of Colusa
Colusa, California

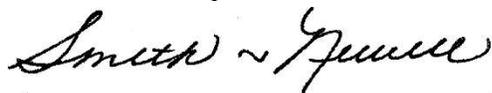
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Colusa, California, (City) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated January 20, 2026, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Smith & Newell CPAs
Yuba City, California
January 20, 2026

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CITY OF COLUSA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Housing and Urban Development				
State Department of Housing and Community Development: Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	Outstanding Loans	-	1,776,130
Home Investment Partnerships Program	14.239	Outstanding Loans	-	885,630
Home Investment Partnerships Program	14.239	Program Income	-	1,653
Subtotal 14.239			-	887,283
Total U.S. Department of Housing and Urban Development			-	2,663,413
U.S. Department of Transportation				
State Department of Transportation: Safe Streets and Roads for All	20.939	-	-	168,465
Total U.S. Department of Transportation			-	168,465
U.S. Department of the Treasury				
Direct Program: Coronavirus State and Local Fiscal Recovery Funds	21.027	-	-	283,209
Total U.S. Department of the Treasury			-	283,209
Environmental Protection Agency				
State Water Resource Control Board: Drinking Water State Revolving Fund	66.468	66-Unknown	-	1,449,378
Clean Water State Revolving Fund	66.458	66-Unknown	-	7,493,093
Total Environmental Protection Agency			-	8,942,471
Total			\$ -	\$ 12,057,558

See the accompanying Notes to Schedule of Expenditures of Federal Awards

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CITY OF COLUSA
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

1. REPORTING ENTITY

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the City of Colusa, California (City). The City's reporting entity is defined in Note 1 to the City's basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the Schedule of Expenditures of Federal Awards. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

2. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. The accompanying Schedule of Expenditures of Federal Awards, is presented using the modified accrual basis of accounting for grants accounted for in the governmental fund types and the accrual basis of accounting for grants accounted for in the proprietary fund types, as described in the notes to the City financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursements. In addition, the outstanding balance of prior years' loans that have significant continuing compliance requirements have been included in total federal expenditures.

3. INDIRECT COST RATE

The City has elected not to use the 10 percent (changed to 15 percent for grants awarded on or after October 1, 2024) de minimis indirect cost rate allowed under the Uniform Guidance.

4. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree or can be reconciled with amounts reported in the related federal financial assistance reports.

5. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree or can be reconciled with amounts reported in the City's basic financial statements.

6. PASS-THROUGH ENTITIES' IDENTIFYING NUMBER

When federal awards were received from a pass-through entity, the Schedule of Expenditures of Federal Awards shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the City determined that no identifying number is assigned for the program or the City was unable to obtain an identifying number from the pass-through entity.

CITY OF COLUSA
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

7. LOANS WITH CONTINUING COMPLIANCE REQUIREMENTS

The City participates in certain federal award programs that sponsor revolving loan programs, which are administered by the City. These programs require servicing arrangements with the City. The funds are returned to the programs upon repayment of the principal and interest. In accordance with Section 200.510 of the Uniform Guidance, the City has reported the outstanding balance of loans from previous years that have significant continuing compliance requirements as of June 30, 2025, along with the value of total outstanding and new loans made during the current year.

The programs listed below had the following aggregate, federally funded loans outstanding at June 30, 2025:

<u>Assistance Listing Number</u>	<u>Program Title</u>	<u>Amount Outstanding</u>	
		<u>July 1, 2024</u>	<u>June 30, 2025</u>
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	\$ 1,776,130	\$ 1,887,646
14.239	Home Investment Partnerships Program	<u>885,630</u>	<u>892,161</u>
	Total Loans Outstanding	<u>\$ 2,661,760</u>	<u>\$ 2,779,807</u>

CITY OF COLUSA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements	<u>Status</u>
1. Type of auditor's report issued	Unmodified
2. Internal controls over financial reporting:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified and not considered to be material weaknesses?	Yes
3. Noncompliance material to financial statements noted?	No

Federal Awards

1. Internal control over major programs:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified and not considered to be material weaknesses?	No
2. Type of auditor's report issued on compliance for major programs:	Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	No
4. Identification of major programs:	
66.458 Drinking Water State Revolving Fund	
66.468 Clean Water State Revolving Fund	
5. Dollar threshold used to distinguish between Type A and Type B programs?	\$750,000
6. Auditee qualified as a low-risk auditee under 2 CFR Section 200.520?	Yes

SECTION II - FINANCIAL STATEMENT FINDINGS

Schedule of Expenditures of Federal Awards	2025-001
Audit Adjustments	2025-002
Payroll Withholdings	2025-003

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None

CITY OF COLUSA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

2025-001 Schedule of Expenditures of Federal Awards (Significant Deficiency)

Criteria

Uniform Guidance Title 2 Section 200.510(b) requires that the City prepare a Schedule of Expenditures of Federal Awards (SEFA) for the period covered by the City's financial statements. Section 200.502 states that the determination of when a federal award is expended should be based on when the activity related to the federal award occurs.

Condition

Total expenditures reported on the Schedule of Expenditures of Federal Awards (SEFA) as presented at the beginning of audit fieldwork was overstated by (\$174,532).

Cause

The City did not reconcile expenditures reported on its SEFA schedules.

Effect

Total expenditures reported on the SEFA prepared by the City were incorrectly stated and required adjustment.

Questioned Cost

No questioned costs were identified as a result of our procedures.

Context

Not applicable.

Repeat Finding

This is a repeat of prior year finding 2024-001.

Recommendation

We recommend that the City review the requirements of the Uniform Guidance to ensure that the expenditures reported on the SEFA are correctly stated.

Views of Responsible Officials and Planned Corrective Action

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

CITY OF COLUSA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

2025-002 Audit Adjustments (Significant Deficiency)

Criteria

Government auditing standards require independent auditors to evaluate all unadjusted misstatements of financial statements. Furthermore, producing timely audited financial statements is more difficult when adjustments are not recorded prior to the start of the annual audit.

Condition

At the time of our audit, we noted that the financial statements as presented to us for audit contained misstatements in accounts receivable, retentions payable, depreciation expense and accumulated depreciation that required prior year adjustments.

Cause

The City had not reviewed and reconciled all accounts in the general ledger.

Effect

The financial statements as presented to us contained misstatements and required adjustments.

Questioned Cost

No questioned costs were identified as a result of our procedures.

Context

Not applicable.

Repeat Finding

This is a repeat of prior year finding 2024-002.

Recommendation

We recommend that the City review and reconcile all accounts so that required adjustments can be recorded prior to the start of the annual audit.

Views of Responsible Officials and Planned Corrective Action

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

CITY OF COLUSA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

2025-003 Payroll Withholdings (Significant Deficiency)

Criteria

Payroll laws and regulations require that employee federal and state payroll income tax be withheld according to employee Forms W-4 and DE-4.

Condition

At the time of fieldwork, we noted that five of the six employees tested as part of the payroll transaction test in which the amount withheld did not agree to the amount authorized on Forms W-4 and/or DE-4.

Cause

The software the City uses to process payroll calculates all withholdings as if the employee signed a W-4 prior to 2020.

Effect

An incorrect amount of federal and/or state income was withheld for five employees tested.

Questioned Cost

No questioned costs were identified as a result of our procedures.

Context

Not applicable.

Repeat Finding

This is not a repeat finding.

Recommendation

We recommend that the City review the information input into the payroll software to ensure accuracy of withholdings.

Views of Responsible Officials and Planned Corrective Action

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.



CITY OF COLUSA

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CITY OF COLUSA, CALIFORNIA

Status of Prior Year Findings and Questioned Costs

And

Corrective Action Plan

For the Year Ended June 30, 2025

Compiled by: Ishrat Aziz-Khan

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CITY OF COLUSA
Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2025

<u>Audit Reference</u>	<u>Status of Prior Year Recommendations</u>
2024-001	<p>Schedule of Expenditures of Federal Awards</p> <p>Recommendation</p> <p>We recommend that the City review the requirements of the Uniform Guidance to ensure that the expenditures reported on the SEFA are correctly stated.</p> <p>Status</p> <p>Not Implemented</p>
2024-002	<p>Audit Adjustments</p> <p>Recommendation</p> <p>We recommend that the City review and reconcile all accounts so that required adjustments can be recorded prior to the start of the annual audit.</p> <p>Status</p> <p>Not Implemented</p>

CITY OF COLUSA
Management's Corrective Action Plan
For the Year Ended June 30, 2025

Finding 2025-001 Schedule of Expenditures of Federal Awards (Significant Deficiency)

We recommend that the City review the requirements of the Uniform Guidance to ensure that the expenditures reported on the SEFA are correctly stated.

Management's Response: We acknowledge that the SLRF expenses were not reported currently at the beginning of the audit fieldwork in FY 2023-24. The City took corrective action and reconciled the funds in FY 2024-25. The Auditor confirmed that in FY 2024-25, the outstanding loan balance for HCD grants were reported on SEFA as of June 30, 2025, instead of June 30, 2024.

Responsible Individual: Ishrat Aziz-Khan, Finance Director

Corrective Action Plan: The City staff will be more vigilant on reporting the outstanding balances in next year's SEFA report.

Anticipated Completion Date: July 1, 2025

Finding 2025-002 Audit Adjustments (Significant Deficiency)

We recommend that the City review and reconcile all accounts so that required adjustments can be recorded prior to the start of the annual audit.

Management's Response: We agree that the City's software cannot produce the reports on time and in a usable manner. We have to wait 60 days after June 30th before we can work on closing the year. Most of the reconciliation work is done manually and leaves the possibility of errors.

Responsible Individual: Ishrat Aziz-Khan, Finance Director

Corrective Action Plan: The City is in the process of implementing the new software, Tyler Tech. This will improve the accounting functionality and expedite the reporting process. This will expedite the year-end closing process and the staff will have more time to review the account reconciliation.

Anticipated Completion Date: The software is in the implementation stages. Configurations, implementation, and training are underway for different modules of the software and projected to be done by October 2026. Meanwhile, staff will be more vigilant about the accounts' reconciliations before the auditor's fieldwork. The Excel spreadsheet will be utilized to keep track of each grant until the implementation is complete.

CITY OF COLUSA
Management's Corrective Action Plan
For the Year Ended June 30, 2025

Finding 2025-003 Payroll Withholdings (Significant Deficiency)

We recommend that the City review the information input into the payroll software to ensure accuracy of withholdings.

Management's Response: We agree that the City's accounting software miscalculated Federal and state withholding slightly.

Responsible Individual: Ishrat Aziz-Khan, Finance Director

Corrective Action Plan: The City is in transition to the new accounting software with anticipation that the Federal and state withholding will be calculated correctly. Furthermore, the staff test each employee's Federal and state income tax withholding out of the new system for one quarter and the first payroll each calendar year.

Anticipated Completion Date: The City is scheduled to run the first payroll of 2026 out of the new accounting software, Tyler Tech.

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